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ABSTRACT

The committee hearings in this report concern proposed Department of Agriculture regulations. These regulations deal with the method of apportioning the $153.2 million Section 32 funds available for the National School Lunch Program for fiscal 1972. Included are statements from school superintendents, food service representatives, State department of education representatives, and Senators. The hearings were held to permit airing of complaints to the effect that, under these regulations, school districts were not receiving sufficient reimbursement to pay for the cost of meals. (JF)

MAR 30 1973

SCHOOL LUNCH REGULATIONS

ED 078512

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE AND FORESTRY UNITED STATES SENATE

NINETY-SECOND CONGRESS

FIRST SESSION

ON

THE SCHOOL LUNCH PROGRAM FOR THE 1972 FISCAL YEAR AS PROPOSED BY THE U.S. DEPARTMENT OF AGRICULTURE AUGUST 10, 1971

SEPTEMBER 16, 1971

Printed for the use of the Committee on Agriculture and Forestry

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SCHOOL LUNCH REGULATIONS

THURSDAY, SEPTEMBER 16, 1971

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C.

The committee met, pursuant to notice, at 10 o'clock a.m., in room 324, Old Senate Office Building, the Honorable Herman E. Talmadge (chairman of the committee) presiding.

Present: Senators Talmadge, Ellender, Jordan of North Carolina, Allen, Humphrey, Chiles, Aiken, Young, Curtis, and Bellmon.

The CHAIRMAN. The committee will come to order.

The committee is today holding hearings on proposed regulations of the Department of Agriculture published in the Federal Register on August 13. These regulations deal with the method of apportioning the $153.2 million of section 32 funds available for the national school lunch program for fiscal 1972.

The Senate Committee on Agriculture and Forestry has a long tradition of interest in the school lunch program of this Nation. Some members of this committee had a hand in writing the original school lunch law in 1946. The President pro tempore of the Senate, who was for many years chairman of this committee, played a leading role in fashioning the first school lunch program that this country had, for he was a chief sponsor of the legislation passed in 1946. The school lunch program has never been a partisan issue in this committee. Senator Aiken and the other members of the committee have taken an active interest in improving the program over the years.

I am proud that I was the original Senate sponsor for the new school lunch law passed by the Congress in April 1970. This law, 91–248, was considered landmark legislation for it required that all schools in the Nation have a school lunch program, and that every needy schoolchild in the country receive a free or reduced priced meal. The law eliminated a great number of administrative bottlenecks which had plagued the school lunch program and it established better funding procedures.

Unfortunately, the new law did not work perfectly during its first year of operation. There were a great number of administrative delays and the States were uncertain as to the new program requirements. However, I felt that these delays were understandable in the first year of operation of the dramatically new school lunch program. I was pleased that schools in my own State of Georgia and other States throughout the Nation made tremendous strides in providing meals to all needy schoolchildren as required by Public Law 91–248.

I had every reason to believe that school districts around the country would make the promise of Public Law 91–248—to bring meals to all the needy schoolchildren in the Nation—a reality.

Therefore, I was quite shocked with the regulations published during the congressional recess. These regulations were met with strong objections from school officials around the country. These officials maintain that the rate of reimbursement provided under the new regulations will make it impossible for them to carry out their responsibility under the law. I understand that the proposed regulations apportion the section 32 funds available for the program in a manner designed to provide such State with:

First, 5 cents for each school lunch served in excess of the number that can be reimbursed at 5 cents from the regular section 4 appropriation; and

Second, an additional 30 cents for each free or reduced price lunch served in excess of the number that can be reimbursed at 30 cents from the regular section 11 appropriation. Under this system it is estimated that only six States will receive an amount adequate to provide an average reimbursement for free or reduced price lunches in excess of 30 cents.

This is considerably less per meal than many States were receiving at the end of fiscal 1971. In addition, in using section 32 funds to provide uniform amounts per meal for each State, the regulation tends to vitiate the differential accorded by the section 4 and section 11 apportionment formulas to States with below average incomes or above average numbers of poor children.

Many school districts have complained that the cost of preparing a meal is over 60 cents and that they have no way of making up the difference between the 60 cents cost and the 35-cent reimbursement rate. I felt that this committee should have an opportunity to hear from the people who are affected by these regulations, the local school officials. Therefore, we will hear from B. P. Taylor, a superintendent of a small town school system in Texas; Howard W. Briggs of the Detroit Public School System, and Miss Josephine Martin, administrator of the school lunch program of the State of Georgia. After these witnesses have testified, we will hear Assistant Secretary Richard E. Lyng give the response of the Department of Agriculture.

I wrote to the President on September 2 to strongly protest the proposed regulations and asked that they be changed to conform to the dictate of Public Law 91–248. A copy of my letter with a copy of the proposed regulations and a chart showing projected fiscal 1972 reimbursement rates (as supplemented from section 32 funds) will be inserted in the record at this point.

(The documents referred to follow:)

UNITED STATES SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C., September 2, 1971.

The PRESIDENT,
The White House, Washington, D.C.

MY DEAR MR. PRESIDENT: In May, 1970, you signed into law a bill which Congress had passed to provide lunches for every needy child in America. The mandate of this law is quite clear. States are required to extend their school lunch program to every school in the state and to provide free or reduced price lunches to every needy child in these schools. Where a child can afford to pay nothing at all, his lunch must be free.

The language of the House conferees emphasizes this point: "While it is the intent of the managers that every child from an impoverished family shall be served meals either free or at reduced cost—not to exceed 20 cents per meal—it is also the intent that free lunches be provided for the poorest of the poor and under no circumstances shall those unable to pay be charged for their lunches."

I was extremely proud when you signed this legislation into law on May 14, 1970. I was proud because I was the original sponsor of this legislation in the Senate and I felt that it would provide the mechanism for good nutrition for every school child in America.

However, I was somewhat concerned about the administration of the new law by your Department of Agriculture during the past school year.

I received numerous complaints about delays in reimbursement to school districts and a failure of the USDA to set clear program guidelines.

Nevertheless, I felt that such delays and problems were understandable in the first year of operation of the new school lunch program. But, even under such adverse conditions schools in my own state of Georgia made tremendous progress in meeting their responsibility to provide meals under the mandate of Public Law 91–248.

All of us were proud and looked forward to even more progress this year. However, the new regulations promulgated by the USDA on August 13th are astonishing and dismaying. I am at a loss to understand the reason for issuing these regulations—regulations which will undercut the progress made by schools in Georgia and other states.

These regulations have precipitated a fiscal crisis in school districts throughout my state. Because the new regulations provide for reimbursement of free and reduced price meals at a rate of only 35 cents per meal, although the actual cost amounts to over 42 cents per meal, many schools are unable to afford the free and reduced price lunch program they had planned. The schools in my state were receiving reimbursement for free and reduced price meals at a rate in excess of 42 cents per meal at the close of the last school year.

In order to meet the reduction in funds caused by the new USDA regulations, the local school districts have no choice but to do one of two things: (1) raise the price of the school lunch for those children who can afford to pay, or (2) increase local school taxes.

The school districts are precluded from increasing the cost of meals by your freeze on prices. As a practical matter, it is impossible for the school districts to raise additional tax revenue on such short notice.

I consider it highly improper that the USDA should wait until three weeks before the beginning of the new school year to issue regulations which have such an adverse impact on the financing of the school lunch program. There is no excuse for waiting this long to promulgate regulations to implement a law passed by the Congress in April of 1970. I further regret that interested parties around the country were given only 15 days to respond to these very complex changes.

Congress has appropriated more money than you requested to fund the Child Nutrition Programs. However, there was some feeling that appropriations for these programs might not be adequate so the Congress approved and you signed into law on June 30, 1971 an authorization for an additional $135 million of Section 32 funds to fund any child nutrition needs which are not met by regular appropriations.

Since the Federal Government has required the States to provide free and reduced price meals for all the needy school children of the nation, I believe that we must live up to our obligation to provide the funding for this program. If additional funding above that already provided, including the $135 million of Section 32, is needed, I hope that your Administration will so inform the Congress.

I have received numerous communications from my own state and other states which indicate that some school lunch programs will fail entirely if the proposed regulations are made final. Authorities in Pennsylvania state that the cost of preparing a school meal is 60 cents. Therefore, it will be impossible for many of the Pennsylvania schools to provide free lunches with a reimbursement of only 35 cents.

Public Law 91–248 was the product of a bi-partisan effort to provide nutrition for the needy school children of this country. Since the regulations promulgated on August 13th are clearly contrary to the intent of Public Law 91–248, and since these regulations will clearly make it impossible to provide meals to all the needy school children in the nation, I hope that you will have your Department of Agriculture reconsider and issue regulations which conform with the dictate of the law.

Sincerely,

HERMAN E. TALMADGE, *Chairman.*

[From the Federal Register, Vol. 36, No. 157, Friday, Aug. 13, 1971]

FOOD AND NUTRITION SERVICE [7 CFR PARTS 210, 220, 245]

CHILD NUTRITION PROGRAMS—NOTICE OF PROPOSED RULEMAKING

Notice is hereby given that the Food and Nutrition Service, Department of Agriculture, intends to amend the regulations governing the operation of the National School Lunch Program (7 CFR Part 210), the regulations governing the operation of the Nonfood Assistance Program (7 CFR Part 220), and the regulations on determining eligibility for free and reduced price meals as it applies to school lunch programs (7 CFR Part 245). Comments, suggestions, or objections are invited and may be delivered within 15 days after publication thereof to Herbert D. Rorex, Director, Child Nutrition Division, Food and Nutrition Service, U.S. Department of Agriculture, Washington, D.C. 20250, or submitted by mail postmarked not later than the 15th day following publication hereof. Communications should identify the regulation section and paragraph on which comments, etc., are offered. All comments, suggestions, or objections will be considered before the final amendments are published.

The proposed amendments, with the proposed effective date as stated, are as follows:

PART 210—NATIONAL SCHOOL LUNCH PROGRAM

1. In § 210.4, a new paragraph (f) is added as follows:

§ 210.4 Apportionment of funds to States.

* * * * * * *

(f) Of any funds made available for the fiscal year 1972 from section 32 funds (Act of August 24, 1935, as amended) a total of $4,552,220 shall be reserved for the States of Puerto Rico, the Virgin Islands, Guam, and American Samoa. Such reserved funds shall be apportioned to each of such States in an amount which bears the same ratio to the total of such reserved funds as the number of children aged 3 to 17, inclusive, in each such State bears to the total number of such children in all such States. Such section 32 funds paid to such States in the fiscal year 1972 shall be available as special cash assistance. The remaining amount of any section 32 funds made available in the fiscal year 1972 shall be available for distribution to State Agencies, other than State Agencies in Puerto Rico, the Virgin Islands, Guam, and American Samoa, and to FNSRO where applicable in the following amounts: (1) 5 cents for each Type A lunch served during the 1972 fiscal year, in participating schools, which is in excess of a base number of Type A lunches served in 1972. The base number of Type A lunches for each State shall be determined by FNS by dividing by 5 cents the amount of general cash-for-food assistance funds initially apportioned to the State Agency or initially reserved for FNSRO for the fiscal year 1972. (2) 30 cents for each free or reduced price Type A lunch served during the fiscal year 1972 in participating schools to children meeting approval eligibility criteria for free or reduced price Type A lunches, which is in excess of a base number of such Type A lunches. The base number of such Type A lunches for each State shall be determined by FNS by dividing by 30 cents the amount of special cash assistance funds initially apportioned to the State Agency under paragraph (d) of this § 210.4, or initially reserved for FNSRO under paragraph (c) of this section, for the fiscal year 1972. Any section 32 funds paid to a State Agency, or FNSRO where applicable, under subparagraph (1) of this paragraph shall be available as general cash-for-food assistance. Any section 32 funds paid to a State Agency, or FNSRO where applicable, under subparagraph (2) of this paragraph shall be available as special cash assistance.

2. In § 210.5, a new paragraph (e) is added as follows:

§ 210.5 Payments to States.

* * * * * * *

(e) Any section 32 funds to which a State Agency is entitled under paragraph (f) of § 210.4 shall be made available by means of Letters of Credit issued by FNS to appropriate Federal Reserve banks in favor of such State Agency. No such funds shall be paid to a State Agency as general cash-for-food assistance until the number of Type A lunches served by School Food Authorities in the State in the fiscal year 1972 exceeds the base number of Type A lunches determined in accordance with paragraph (f)(1) of § 210.4. No such funds shall be made available to a State Agency as special cash assistance until the number of Type A lunches served free or at a reduced price by School Food Authorities in the State

in the fiscal year 1972 exceeds the base number of such Type A lunches determined in accordance with paragraph (f)(2) of § 210.4.

* * * * * * *

3. In § 210.11 new paragraphs (b–1) and (b–2) are added, paragraphs (c) and (d) are revised, and new paragraphs (d–1) and (d–2) are added as follows:

§ *210.11 Reimbursement payments.*

* * * * * * *

(b–1) Within the maximum rate of reimbursement set forth in paragraph (b) of this section, in each fiscal year, the State Agency, or FNSRO where applicable, shall initially assign rates of reimbursement at levels which will permit reimbursement from the general cash-for-food assistance funds available to the State Agency, or FNSRO where applicable, for the total number of Type A and Type C lunches it is estimated will be served in participating schools in the State in such fiscal year. At a minimum, the estimate of the number of Type A and Type C lunches to be served in a fiscal year shall take into account the estimated number of such lunches to be served in schools which participated in the preceding fiscal year and the estimated number of such lunches to be served in schools which are expected to apply and be approved for participation in the Program during such fiscal year.

(b–2) Each fiscal year, promptly following the receipt of Claims for Reimbursement covering operations for the month of January, each State Agency, or FNSRO where applicable, shall revise its estimates of the total number of Type A and Type C lunches to be served in participating schools in such fiscal year. Based upon such revised estimates, each State Agency, or FNSRO where applicable, shall make such adjustments in assigned rates of reimbursement from general cash-for-food assistance funds as are necessary to comply with the provisions of paragraph (b–1) of this section.

(c) Any school participating in the Program which is determined by the State Agency, or FNSRO where applicable, to be in need of special assistance to enable it to serve free and reduced-price Type A lunches, may be reimbursed from special cash assistance funds for Type A lunches served free or at a reduced price to children meeting the school's approved eligibility standard for such lunches. Except as provided in paragraph (d) of this section, the maximum rate of reimbursement to be paid from special cash assistance funds shall be 30 cents for each such Type A lunch. In assigning rates of reimbursement for such Type A lunches, the State Agency, or FNSRO where applicable, shall base the rate assigned to a school on the school's relative need for special assistance in serving free and reduced price Type A lunches.

(d) The State Agency, or FNSRO where applicable, may assign a reimbursement rate in excess of 30 cents from special cash assistance funds to a school after it finds that the need of the school for special cash assistance is relatively greater than the need of other participating schools within the State for such assistance. At a minimum, such a finding must demonstrate that: (1) The cost of operating the school's nonprofit lunch program is higher than is typical in the State; (2) as a result, the operating cost that would be incurred during the fiscal year in serving fully paid, reduced price, and free Type A lunches at current levels of participation would so exceed the balance of funds on hand and the revenues expected during such fiscal year (including State and local revenues normally expected to be made available) that the School Food Authority would be financially unable to continue to serve the number of free and reduced price lunches currently being served at a special cash assistance reimbursement rate of 30 cents; and (3) the expected excess in operating costs cannot be eliminated by other remedial action. Upon such a finding, the State Agency, or FNSRO where applicable, may assign a rate of reimbursement from special cash assistance funds which is in excess of 30 cents and which, together with revenues available from other sources, including general cash-for-food assistance funds will finance up to 100 percentum of the cost of operating the school's nonprofit lunch program: *Provided, however,* That the total reimbursement from general cash-for-food assistance funds and special cash assistance funds shall not exceed 60 cents for each free or reduced-price Type A lunch served to children meeting the school's approved eligibility standards for such lunches: *And provided, further,* That such combined rate of reimbursement shall not exceed 50 cents for each such Type A lunch unless the number of free Type A lunches being served in the school represents at least 90 percentum of the total number of free and reduced-price Type A lunches served. The State Agency, or FNSRO where applicable, shall maintain on file for review the data used to support the finding that a rate of reimbursement from special cash assistance funds in excess of 30 cents was needed.

(d–1) Within the maximum rates of reimbursement from special cash assistance funds set forth in paragraphs (c) and (d) of this section, in each fiscal year, the State Agency, or FNSRO where applicable, shall initially assign rates of reimbursement at levels which will permit reimbursement from special cash assistance funds available to the State Agency, or FNSRO where applicable, for the total number of free or reduced-price Type A lunches it is estimated will be served in participating schools in such fiscal year. At a minimum, the estimate of the number of such lunches to be served in a fiscal year shall take into account the estimated number of such lunches to be served in schools which participated in the preceding fiscal year and the estimated number of such lunches to be served in schools which are expected to apply and be approved for participation in the Program during such fiscal year.

(d–2) Each fiscal year, promptly following the receipt of Claims for Reimbursement covering operations for the month of January, each State Agency, or FNSRO where applicable, shall revise its estimate of the total number of free or reduced-price Type A lunches to be served in participating schools in such fiscal year. Based upon such revised estimates, each State Agency, or FNSRO where applicable, shall make such adjustments in assigned rates of reimbursement from special cash assistance funds as are necessary to comply with the provisions of paragraph (d–1) of this section.

* * * * * * *

4. In § 210.11, paragraph (g) is amended by striking out the phrase "48 cents" each time it appears in the paragraph and inserting in lieu thereof the following phrase: "the maximum rate authorized in paragraph (d) of this section."

PART 220—SCHOOL BREAKFAST AND NONFOOD ASSISTANCE PROGRAMS AND STATE ADMINISTRATIVE EXPENSES

In § 220.16 paragraph (b) is revised to read as follows:

§ *220.16 Requirements for participation.*

(b) Schools drawing attendance from areas in which poor economic conditions exist that have no equipment or grossly inadequate equipment to operate an adequate feeding program under the National School Lunch Program or the School Breakfast Program shall be selected for participation in the Nonfood Assistance Program on the basis of: (1) The relative need of such schools for assistance in acquiring such equipment, and (2) the amount of funds available to the State Agency or FNSRO where applicable. State Agencies, or FNSRO where applicable, have a positive obligation to inform such schools of the Nonfood Assistance Program and, within available funds, to work with such schools to plan for the acquisition of any equipment they need to operate an adequate feeding program under the National School Lunch Program or the School Breakfast Program. Except when prior approval is obtained from FNS, the State Agency, or FNSRO where applicable, shall not obligate between July 1 and March 1 of each fiscal year more than 50 percentum of the Nonfood Assistance Program funds initially made available for use by schools already participating in the National School Lunch Program or the School Breakfast Program.

PART 245—DETERMINING ELIGIBILITY FOR FREE AND REDUCED PRICE LUNCHES

§ *245.6* [*Amended*]

6. In § 245.6, paragraph (c) is amended by adding the following two sentences at the end thereof: "Nothing in this paragraph shall be deemed to authorize the State Agency, or FNSRO where applicable, to make reimbursement from special cash assistance funds for all Type A lunches served in a school unless a reasonable basis exists for finding that all children in the school meet the school's eligibility standards for free and reduced price lunches. The State Agency, or FNSRO where applicable, shall maintain on file, or cause to be maintained on file, the data used to make such a finding.

Effective date. Except for the amendments to § 210.11 these amendments will be effective upon publication. The amendments to § 210.11 will be effective for lunches included in Claims for Reimbursement covering the month of September, 1971, and all subsequent months.

Dated: August 10, 1971.

RICHARD E. LYNG,
Assistant Secretary.

NATIONAL SCHOOL LUNCH PROGRAM

[50 State agencies and District of Columbia: Percent increase in number of total lunches, and free and reduced price lunches, served in 1971 over 1970; projected percentage increases in lunches that could be served in 1972; and projected average reimbursement rates in 1972, without and with USDA Aug. 13 proposals]

Region and State	1971		Projected, 1972					
					Projected rates			
					Without proposal		With proposal	
	Percent increase in total lunches	Percent increase in free and reduced price lunches	Percent increase in total lunches	Percent increase in free and reduced price lunches	Sec. 4	Sec. 11	Sec. 4	Sec. 11
Northeast:								
Connecticut	+0.1	+49.7	+6.0	+74.9	5.3	23.4	5.3	30.0
Delaware	+9.1	+60.6	+.9	+38.1	5.1	28.2	5.1	30.0
District of Columbia	+30.1	+65.4	+11.7	+13.6	3.8	16.4	5.0	30.0
Maine	+3.3	+46.8	+17.0	+34.4	5.6	31.0	5.6	30.0
Maryland	−3.0	+51.8	+30.5	+17.0	4.4	29.9	5.0	30.0
Massachusetts	+4.4	+45.2	−5.2	+47.3	5.1	32.5	5.1	30.0
New Hampshire	+5.8	+46.4	+13.0	+12.3	5.0	48.5	5.0	30.0
New Jersey	+13.5	+98.2	+17.0	+27.2	4.2	24.8	5.0	30.0
New York	+.5	+4.9	+11.4	−8.1	5.0	20.6	5.0	30.0
Pennsylvania	+30.8	+76.8	+11.2	+22.3	3.8	43.7	5.0	30.0
Rhode Island	+11.2	+52.7	+14.1	+1.4	4.4	48.0	5.0	30.0
Vermont	+9.6	−6.2	+26.7	+99.8	4.5	30.9	5.0	30.0
West Virginia	+13.9	+92.4	+4.7	−16.3	6.4	35.5	6.4	30.0
Southeast:								
Alabama	+5.3	+52.7	+11.4	+24.6	6.7	32.1	6.7	30.0
Florida	+2.5	−5.1	+6.9	+69.5	5.6	20.4	5.6	30.0
Georgia	+1.6	+35.1	+6.3	+19.0	6.2	30.6	6.2	30.0
Kentucky	+2.3	+15.5	+15.8	+15.4	6.0	42.8	6.0	30.0
Mississippi	+2.3	+36.2	+13.9	+22.8	7.5	30.2	7.5	30.0
North Carolina	+10.0	+32.3	+6.0	+27.5	5.9	36.3	5.9	30.0
South Carolina	−1.0	+2.7	+7.1	+20.8	7.2	31.1	7.2	30.0
Tennessee	+6.6	+48.7	+10.2	+24.3	6.2	38.7	6.2	30.0
Virginia	+2.5	+11.9	+6.3	+25.4	5.6	34.9	5.6	30.0
Midwest:								
Illinois	+17.8	+39.2	+13.0	+7.1	4.2	27.9	5.0	30.0
Indiana	+4.3	+81.0	+1.0	+40.0	5.4	54.0	5.4	32.8
Iowa	+1.5	+54.0	+7.8	+48.8	5.4	52.1	5.4	31.7
Michigan	+21.1	+22.5	+3.3	+52.0	4.5	35.2	5.0	30.0
Minnesota	+6.6	+87.6	26.5	+73.2	4.4	29.4	5.0	30.0
Missouri	−1.1	+44.2	+8.7	+35.9	5.5	45.7	5.5	30.0
Nebraska	+1.2	+57.1	+10.1	+35.0	5.3	38.8	5.3	30.0
North Dakota	−.7	+69.2	+3.7	+21.1	6.9	57.7	6.9	35.1
Ohio	+8.3	+16.3	+12.5	+16.9	4.6	42.1	5.0	30.0
South Dakota	+26.0	+40.6	+30.9	+52.3	4.2	52.3	5.0	31.7
Wisconsin	+.5	+69.6	+14.9	+38.8	5.1	44.7	5.1	30.0
Southwest:								
Arkansas	+5.0	+37.8	+11.2	+23.5	6.8	36.7	6.8	30.0
Colorado	+9.4	+60.5	+8.8	+48.6	5.0	22.4	5.0	30.0
Kansas	+3.8	+11.8	+18.7	+68.2	4.6	49.6	5.0	30.1
Louisiana	−1.9	+69.0	+9.8	+23.6	6.6	27.8	6.6	30.0
New Mexico	+6.8	+35.9	+1.4	+13.5	6.7	22.3	6.7	30.0
Oklahoma	+17.8	+62.9	+12.8	+42.4	5.0	35.2	5.0	30.0
Texas	+14.4	+104.0	+50.6	+107.5	3.6	27.3	5.0	30.0
Western:								
Alaska	+10.0	+10.5	+20.2	+29.6	4.2	14.7	5.0	30.0
Arizona	+4.4	−8.1	+15.0	+30.8	5.2	31.8	5.2	30.0
California	+35.4	+137.3	+16.4	+117.6	3.5	11.1	5.0	30.0
Hawaii	+.3	+3.2	+5.5	+13.0	5.3	37.3	5.3	30.0
Idaho	+5.2	+73.3	+9.9	+69.8	6.0	41.5	6.0	30.0
Montana	+4.6	+35.2	+10.9	+33.1	5.7	49.8	5.7	30.3
Nevada	+22.6	+132.4	+34.2	+78.7	3.4	22.0	5.0	30.0
Oregon	+5.4	+96.1	+12.6	+77.2	4.9	21.4	5.0	30.0
Utah	+7.1	+22.0	+5.4	+35.5	6.0	22.2	6.0	30.0
Washington	+2.5	+59.7	+6.8	+27.9	5.1	25.0	5.1	30.0
Wyoming	+4.2	+22.7	+11.7	+52.9	5.5	45.5	5.5	30.0

The CHAIRMAN, Also I desire to include in the record at this point a letter dated September 19, 1971, addressed to the President and signed by some 44 Members of the Senate.

And I have also a letter from Senator Edward W. Brooke, the Senator from Massachusetts, dated September 14, 1971, with a statement which he has requested be inserted in the record at this point.

And this morning's Wall Street Journal carried an article entitled "Nixon's Diet for Pupils—Agency Seeks Curb on School-Lunch Funds; Stiff Quiz is Likely by Senate Panel Today," which will be inserted in the record at this point.

(The documents referred to follow:)

UNITED STATES SENATE,
Washington, D.C., September 9, 1971.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: We are writing you out of a deep concern regarding the purpose of proposed school lunch regulations issued by the Department of Agriculture on August 13, 1971. The proposed regulations concern the use of federal funds to carry out the mandate of Public Law 91–248 which provides that "any child who is a member of a household which has an annual income not above the applicable family size income level set forth in the income poverty guidelines *shall* be served meals free or at a reduced cost." Thus, the real test of the adequacy of the proposed new regulations is whether or not they will make it possible for the states and localities to meet the obligations and requirements which Public Law 91–248 imposes upon them.

After careful study and analysis, it is our judgment that the proposed regulations will not meet this basic test. Therefore, we find ourselves in agreement with the unanimous conclusion of the State Directors Section of the American School Food Service Association that the proposed regulations in their present form pose a very real threat to the continued progress of the National School Lunch Program.

If these regulations are not altered we believe the following events will occur. Many schools will be forced to eliminate Child Nutrition Programs. There will be further hardships to the nation's economy through unemployment and reduced consumption of raw resources such as food and equipment. Absenteeism, dropouts, and apathetic students will negate the benefits of the multi-billion dollar investment for public and private schools. And finally, and most important, there will continue to be hungry children in America's schools.

The adverse effect of the proposed regulations is compounded by the fact they were announced only three weeks before school was to open, creating chaos in the states. The anticipated loss to the states in the 1971–72 school year under the 35 cent reimbursement rate set by the proposed regulations, as compared to what the states would have received under the rates instituted by the Department of Agriculture last March, will run into millions of dollars. For example, the state directors have estimated Missouri will lose $4,000,000; California $9,000,000; Massachusetts $3,240,000; Ohio $5,565,000; Oregon $1,476,175; Tennessee $2,772,000; Georgia $4,100,000; West Virginia $2,661,300; and Florida $6,916,668. The states cannot make up this loss from state or local funds and will have no alternative but to reduce planned participation to stay within the limitation of available funds. Therefore, many needy and eligible children will go without school lunches.

Certainly, this was not the intent of Congress when it passed Public Law 91–248, nor your intent when signing it into law on May 14, 1970.

In regard to the School Breakfast Program, the proposed regulations have not only placed a limitation on the expansion of this program but have also precipitated a situation where several states will be forced to cancel the School Breakfast Program this school year. In the past, the Department of Agriculture has set a precedent in that many states in 1970–1971 used Section 32 funds for breakfast expansion. These funds were provided as a bloc grant to be used where needed in the individual states for expanding food programs to eligible needy children. However, the proposed regulations have made no provisions for continuing the authority to transfer such funds from Section 32 to the School Breakfast Program.

In addition to this matter of transfer of Section 32 funds, there is another important question which needs to be answered in regard to the Breakfast Program. According to Public Law 92–32 (Section 2), the Department of Agriculture is authorized to use $25 million for the School Breakfast Program. Only $18.5 million, however, has been allocated to the states. A memorandum of September 1 from the Department stated that the remaining $6.5 million will be allocated only to those states, "demonstrating the need for these funds to maintain their program at the April level." The response from several state

directors has strongly indicated that there is a need for this $6.5 million to be allocated immediately. For example, in the State of Kentucky, the Breakfast Program will need to be cancelled at the beginning of October unless more money is allocated. In the reality that cancellations will occur, we implore that there be a reconsideration by the Department of Agriculture to transfer Section 32 funds to the Breakfast Program and to immediately allocate the remaining $6.5 million of the authorized $25 million to those states who face a possibility of cancelling their Breakfast Programs.

We, therefore, request that the proposed regulations be withdrawn and be replaced with regulations that would provide for a maximum reimbursement rate of 48 cents from Section 11; a maximum reimbursement rate of 12 cents from Section 4 for free and reduced price lunches; and guaranteed reimbursement from Section 4 of 5 cents for generally assisted lunches. We also suggest that the regulations pertaining to the use of Section 32 funds allow an immediate allotment of these funds for free or reduced priced lunches to all states based on need accompanied by transfer authority. In this way we could be certain that the funds Congress made available to the Secretary under this authority would be fully utilized.

We further suggest that before any proposed regulations are published that they be submitted to that National Advisory Council, created by Public Law 91–248, and the State Directors Section of the American School Food Service Association in order that these regulations could be instituted with the greatest degree of cooperation so that any further delays in the implementation of the intent of Public Law 91–248 may be avoided.

Respectfully,

Philip A. Hart	Marlow W. Cook
George McGovern	Charles McC Mathias, Jr.
Vance Hartke	Charles H. Percy
Alan Cranston	Edward W. Brooke
Abe Ribicoff	Richard S. Schweiker

The following Senators also signed the letter:

John McClellan, Arkansas.	Thomas Eagleton, Missouri.
Walter Mondale, Minnesota.	Harrison Williams, New Jersey.
John Tunney, California.	William Spong, Virginia.
Gale McGee, Wyoming.	Gaylord Nelson, Wisconsin.
Robert Byrd, West Virginia.	Joseph Montoya, New Mexico.
Quentin Burdick, North Dakota.	Alan Bible, Nevada.
Howard Cannon, Nevada.	Hubert Humphrey, Minnesota.
Claiborne Pell, Rhode Island.	Fred Harris, Oklahoma.
Henry Jackson, Washington.	Daniel Inouye, Hawaii.
Frank Church, Idaho.	Ernest Hollings, South Carolina.
Edward Kennedy, Massachusetts.	Warren Magnuson, Washington.
Adlai Stevenson, Illinois.	Stuart Symington, Missouri.
Frank Moss, Utah.	Clifford Case, New Jersey.
Edmund Muskie, Maine.	William Saxbe, Ohio.
Birch Bayh, Indiana.	James Pearson, Kansas.
Lawton Chiles, Florida.	Henry Bellmon, Oklahoma.
Harold Hughes, Iowa.	Mark Hatfield, Oregon.

STATEMENT OF HON. EDWARD W. BROOKE, A UNITED STATES SENATOR FROM THE STATE OF MASSACHUSETTS

Mr. Chairman: The action of the Department of Agriculture in regard to the implementation of the school lunch program is a matter of deep and continuing concern to me.

Last year the Congress passed a bill strengthening and extending the school lunch program to every needy child. Public Law 91–248 was designed to assure that no child would bear the unfair burden of trying to learn on an empty or half empty stomach. Along with affirming the commitment to support state efforts in feeding those in need, the Congress appropriated funds to implement the plan. Unfortunately it is becoming apparent that the appropriation, and the commitment which the Congress has pledged, is not enough to convince the Department of Agriculture that it has an obligation to carry out the mandate of Congress and the American public.

It is all too clear that the state and local authorities do not have the wherewithal to fund more fully the courageous and aggressive programs which they have planned for this school year. With the tremendous spending deficits which most inner city school systems are sustaining, and the pressure on rural areas just to provide education and facilities, the added financial responsibility which the Department of Agriculture would place on these systems to pay additional sums for each school lunch provided a needy child cannot be accepted or honored. The result will be another year of hunger for millions of children.

The outcry for more adequate support in keeping with the legislation passed last year has come from every corner of the country. From my own in depth study of the school lunch program in Massachusetts I can speak first-hand of the efforts being made there. As a result of a law passed several years ago, Massachusetts is working toward a universal school lunch program for every child by the fall of 1973. This is an effort, however, which must be supported by Federal matching funds in order to be achieved. If the free and reduced-price funding is reduced, and if funds in various sections of the law are restricted as to use, the goal of the Commonwealth will not be met. The estimated loss to Massachusetts of $3.2 million for this school year would set the program back to such an extent that to reallocate and redistribute alone would be a gigantic task and one which would occupy most of the school year, further reducing the effectiveness of the feeding program, and greatly hindering the advanced groundwork for the following year.

You have received testimony and comments from the Massachusetts Bureau of Nutrition Education and School Food Services. I am sure that you will hear more from them and from numerous groups in the state which have thoroughly studied the matter and strenuously protest the regulations which have been proposed.

I am grateful that hearings have been held on this issue. I am grateful that over 30 Senators have co-signed a letter to the President urging that he personally step in and order full implementation of Public Law 91–248. I was one of the co-signers of this urgent request that the regulations be changed so that we can implement a maximum reimbursement rate of 48 cents from Section 11, 12 cents from Section 4 for free and reduced-price lunches, and 5 cents for generally assisted lunches, and that Section 32 funds be released immediately for all states which are presently unable to fund free or reduced-price lunches. These recommendations would fully implement the law which Congress passed and which the President signed. They should be put into effect immediately.

[From the Wall Street Journal, Sept. 16, 1971]

Nixon's Diet for Pupils—Agency Seeks Curb on School-Lunch Funds; Stiff Quiz Is Likely by Senate Panel Today

(By Burt Schorr)

Washington—The Nixon administration is planning to pull the drawstring on Uncle Sam's school-lunch moneybag far tighter than local program administrators ever expected.

As a result, hundreds of thousands of low-income youngsters who are enjoying their first nutritious midday school meals at little or no cost may soon do without again.

The financial curb is contained in a set of bewilderingly complex new lunch-funding regulations that the Agriculture Department proposed just three weeks before classes resumed this month. The state school food service directors, unit of the American Food Service Association charges that the regulations "are bringing the school-lunch programs to a screeching halt . . . and preclude any expansion to reach the additional estimated three million to five million hungry children in America."

That may be overstating the case somewhat, but it's true that the Nixon administration doesn't want to spend as much money for lunches as the state directors and their congressional allies, mainly liberal Democrats, believe is needed.

State and local officials are especially peeved because until now Washington's school-lunch rhetoric didn't give any hint that federal money to feed poor kids wouldn't be ready when needed. President Nixon, signing liberalizing amendments to the school-lunch statutes back in May 1970, said the legislation "will assure that every child from a family whose income falls below the poverty line will get a free or reduced-price lunch."

But now the Agriculture Department proposes, in effect, to cut the estimated federal contribution to each such lunch to about 37 cents from the 42 cents being

contributed last spring—out of a typical cash cost of 53 cents. Moreover, the proposed regulations would prevent expansion of the free and low-cost meals to more than the seven million children currently being served even if Congress should appropriate money to pay for the lunches. (Eighteen million other youngsters get lunches at higher prices.)

Agriculture Department officials face a tough confrontation today when they are due to appear before the Senate Agriculture Committee, which has direct legislative responsibility for the lunch program, to explain their position.

Initially there hadn't been any reaction on Capitol Hill, apparently because it took several weeks for local school officials to decipher the real meaning of the proposed regulations. "But now they're really screaming, and a number of Senators are concerned," says an Agriculture Committee staffer.

Yesterday, Michigan Sen. Philip A. Hart, a liberal Democrat, and Kentucky Sen. Marlow Cook, a middle-of-the-road Republican, said they had found 42 other signers for a letter to Mr. Nixon warning that the reduced funding rate will leave "hungry children in America's schools" and produce "absenteeism, dropouts and apathetic students."

Certainly, Agriculture Committee Chairman Herman Talmadge isn't pleased by the proposed regulations. Earlier this month the Georgia Democrat wrote Mr. Nixon that the rules already have "precipitated a fiscal crisis in school districts" of his home state. Waiting to hold some hearings of his own is Rep. Carl Perkins, Democratic chairman of the House Education and Labor Committee, which keeps watch on the school lunch program from the other side of the Capitol. Mr. Perkins' home state of Kentucky seems to have school lunch woes even worse than those Georgia schools face.

AN $80 MILLION JUMP

Agriculture officials, for their part, argue that the $615.2 million appropriated for Washington's direct cash contribution to school lunches in the fiscal year ending June 30, an $80 million jump from last year's spending, is, after all, what Congress voted. (Overall, the federal share comes to approximately $1.1 billion, including special milk funds and donated federal commodities. It's expected to help feed some 25 million youngsters this year, including around seven million from needy families. But it won't help roughly seven million other youngsters attending the more than 20,000 schools still without any lunch program, many of them serving low-income populations.)

Under the National School Lunch Act Uncle Sam is obliged to contribute a minimum of five cents toward every school lunch—even those for children not classified as needy—and 30 cents toward those offered free or at a reduced price. In practice, though, the contributions have been considerably greater.

The food service administrators, through a survey just completed by their Denver-based organization, respond that the appropriated funds actually are some $170 million shy of what low-income students will need by the time the last lunch bell tolls next spring. Moreover, the administrators argue, the proposed regulations are written in a way that prevents schools from spending any supplemental funds Congress might choose to appropriate.

Ironically, many of the states that strived hardest to expand feeding in their schools at the Agriculture Department's urging now are reaping the biggest headaches. Illinois, for example, foresees a statewide lunch deficit of between $13 million and $18 million in the 1971–72 school year, largely because cities like East St. Louis and Chicago have been expanding their lunch programs into older schools by means of newly installed kitchens, cold meals delivered from a central kitchen and other techniques. "We have the poverty pockets right here in the larger cities and that's where the hungry kids are," says Edward F. Gaidzik, director of Chicago's school-lunch operations.

Similar expansion is causing California officials to reckon their fund shortage at $9 million. For New Jersey, the estimate is $8 million; for Florida, $6.9 million, and for Georgia, $6 million.

The missing dollars portend an even grimmer human deficit. The nine school districts serving the Phoenix metropolitan area face a combined funding gap of only $150,000. But this may be large enough to cut off many of the 40,000 youngsters now getting free and reduced-price lunches (or roughly a fourth of total lunch program participants), estimates Norman Mitchell, food service director for Phoenix's Isaac School District No. 5.

In Detroit, public schools lunch chief Howard W. Briggs reckons that a substantial number of the 45,000 kids of the free and reduced-price-list in his district—

better than half the total youngsters getting lunches this year—are threatened with loss of their prepared midday meal. Mr. Briggs worries that this will "worsen communications" with poor parents, many of them black, who only lately have been persuaded to enroll their children in the program.

For Nebraska's school food services administrator, Allen A. Elliott, the Nixon administration's proposed rules revision landed like a "real bombshell on us." Prior to the announcement, his state was betting on the addition of 45 to 50 schools to the lunch programs, but now local school boards indicate the increase will total only "10 or less," he says.

NO FOREST TO HIDE IN

There's nothing to prevent states and localities from increasing their own school-lunch funding in lieu of federal aid, but school officials almost to a man declare that alternative out of the question on such short notice. One particularly hard-hit state, Kentucky, has a common problem: Its legislature won't convene until January, and then to begin work on the budget for the two years starting next July 1. Furthermore, state governments and local school boards never have been overly quick to grab the school-lunch check: last year their share of the $2.8 billion total cost for midday school feeding came to only 21%, against the 36% picked up by Uncle Sam and the 43% paid by youngsters themselves.

The new rules do grant states the right to tip federal aid toward the neediest districts within their borders, but the prospect of breaking such news to better-off districts, whose funding share would decline in proportion, frightens administrators. "They're asking state directors to be Robin Hoods, but the directors don't have a forest to hide in," says Detroit's Mr. Briggs.

The underlying issue, of course, is just how big—and firm—Uncle Sam's financial responsibility to needy students really is. "There's no place in the law that says the federal government shall foot the entire bill" for feeding needy youngsters, says Assistant Agriculture Secretary Richard Lyng. But his reading of the law and the intent of Congress does seem open to question. Section 11 of the National School Lunch Act, though it sets a minimum of 30 cents a lunch, plainly authorizes "such sums as may be necessary to assure access to the school-lunch program . . . by children of low-income families."

And an interpretation of congressional funding intent was provided by Republican Sen. Robert Dole of Kansas during the Senate debate on the 1970 amendments when Sen. Hart sought unsuccessfully to amend Section 11 by adding specific authorization figures for the 1971–73 fiscal years. Arguing against the wisdom of the Hart proposal, Sen. Dole, who often reflects Nixon administration thinking and who has since become Republican national chairman, asserted: "As I recall the deliberation of the (Agriculture) Committee when we had the hearings, and following the hearings, after consultation with the Executive Branch, we felt we should leave it (the money authorization) open-ended so that there could be provided whatever might be necessary. . . ."

The CHAIRMAN. The Senator from North Carolina.

Senator JORDAN. Mr. Chairman, before you begin with the witnesses, may I have a statement from the superintendent of public instruction, State of North Carolina, inserted in the record at this point?

The CHAIRMAN. The Senator is recognized, and without objection it will be inserted in the record—and any other statement—at this point.

(The statement referred to follows:)

STATE OF NORTH CAROLINA,
SUPERINTENDENT OF PUBLIC INSTRUCTION,
Raleigh, N.C., August 30, 1971.

To: The Honorable B. Everett Jordan
From: Dr. A. Craig Phillips
Subject: Telegram Concerning Amendments to the Regulations Covering the National School Lunch Program

As a matter of information, I am transmitting to you herewith a copy of my August 26th telegram to Herbert D. Rorex, Director, Child Nutrition Division, U.S. Department of Agriculture.

TELEGRAM

"The school administrators in N.C. are very much concerned about the amendments to the regulations concerning the National School Lunch Program. These proposed amendments would reduce reimbursement for free lunches in N.C. from 45¢ in FY 1971 to 30¢ during FY 1972. The reimbursement for paid meals would be reduced from 6 and 12 cents for FY 1971 to 5¢ in FY 1972.

School administrators in N.C. feel that any allocation less than this State's need assistance rate of 6.4 cents would prohibit fulfillment of the objectives of the National School Lunch Act. In order for the N.C. schools to serve a Type "A" lunch to all needy children, a minimum of 40¢ from the special cash assistance funds will be required. The average cost per lunch based on FY 1971 statistics has shown that funding lower than the above rate will be unrealistic in N.C.'s attempt to implement the provisions set forth in the State Plan of Operation and the mandates established in P. L. 91–248.

The effective date for the amendments to the regulations governing the National School Lunch Program is unrealistic because summer activities were planned early this summer and the activities have been partially completed under agreements with the State. These agreements were based upon FY 1971 reimbursement rates since the continuing resolution is based on FY 1971 funding level.

N.C. school administrators are also concerned about the costs of food and labor which have risen while prices which may be charged for lunches at this time have been frozen.

Your attention to these concerns will be appreciated."

(Signed) HON. A. CRAIG PHILLIPS.

Senator HUMPHREY. Mr. Chairman, I merely want to report that I have had communications from the superintendent of schools in Minneapolis, Minn., and they have had to make a drastic reduction of about approximately $778,695 in the school program.

I also have received communications from St. Louis county schools and the superintendent of schools in Duluth, where there will be a drastic reduction and even an elimination of the school lunch program in that major city,

And this hearing is not only timely; it is absolutely essential to our school lunch program. Our school lunch program is in shambles in the State of Minnesota, I just came back last night, Mr. Chairman, and I was out and met with some of our school officials. They are up in arms, and rightly so. So am I.

I have communicated my distresses, may I say, to the proper public officials without, as yet, as much as the courtesy of a reply.

Senator JORDAN. Mr. Chairman, may I make one further comment?

The CHAIRMAN. The Senator from North Carolina.

Senator JORDAN. I was in a good part of North Carolina in the last week and the week before, and I ran into this problem about this program most of the places I went. It is a serious problem, and I am very much concerned about it, myself, and I am delighted you called this hearing, because I think something must be done immediately on this.

The CHAIRMAN. Are there any other comments?

If there are no further comments, the first witness will be Mr. B. P. Taylor, the superintendent of schools, San Diego, Tex.

Mr. Taylor, are you here?

Mr. TAYLOR. Yes.

The CHAIRMAN. Come around and have a seat and proceed, will you?

STATEMENT OF BRYAN P. TAYLOR, SUPERINTENDENT OF SCHOOLS, SAN DIEGO INDEPENDENT SCHOOL DISTRICT, SAN DIECO, TEX.

Mr. TAYLOR. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee.

My name is Bryan P. Taylor. I am superintendent of San Diego Independent School District in San Diego, Tex. I have been superintendent in San Diego for some 13 years. For those who might not know, San Diego is located in deep southwest Texas. Our school district consists of some 400 square miles; 1,700 students, of which some 99 percent are of Latin-American descent.

We are a poor school district, from the standpoint of taxable property. Some 60 to 70 percent of the students come from families that have incomes of less than the poverty guidelines and consequently will qualify under the guidelines set forth by the U.S. Department of Agriculture. These students, of course, qualify for free meals.

We have been participating in the national school lunch program for many years, and I think the records will show that we have gladly participated in this program knowing full well that it is a good one. When it was possible to serve breakfast under this program, we were among the first to serve, in the Nation, not just a breakfast consisting of dry cereal, toast, and milk but a breakfast consisting of bacon, eggs, hot cereal, homemade bread, fruit juice, and milk.

For the past 18 months, we have been serving three hot meals a day to all our needy children in the school district. I think that we are probably the only school district in the Nation doing this. Part of the money for the third meal comes from the Vanic Act which is administered by the U.S. Department of Agriculture.

I am sure that the San Diego Independent School District is unique in that we sincerely believe that hungry children should be fed and that the proper meeting place for the hungry children and good wholesome food is the public school cafeteria. We have not said "No" to anyone under any circumstances.

For many years I have been a supporter of the national school lunch program. All school people strongly believe that food is certainly an important factor in a child's ability to learn. No one will deny that a hungry child cannot be taught. Only a child that receives plenty of food and nourishment can be educated to his or her utmost. I have made the foregoing statement to show the committee what we have been doing and are doing in the realm of food services for our students. Our services reach much further than just food. The food program is an important part of our educational system. It is not enough to try to feed and educate the needy child; we must feed the hungry child and educate him. Support in the past has been coming from the U.S. Department of Agriculture and title I allotments. We have put aside some $60,000 out of our title I allotments to subsidize the feeding program in our school district. These funds were never enough, but some schools for some reason did not recognize that they had the obligation of feeding the needy students.

Our school district and many more public schools will lose more money than ever before by giving food services this year. The U.S. Department of Agriculture mandated all public schools to feed hungry children. This I completely agree with. I do not think anyone has the right to deny a child food. But to tell a school district this and then not

furnish money for this service is almost asking for an impossible task to be performed, especially if the schools are not in full agreement with the program in the beginning. I think that the U.S. Department of Agriculture should assure the school districts that its meal cost will be reimbursed regardless of the amount. With the help of title I money, the U.S. Department of Agriculture and the Vanic Act, we, at the San Diego Independent School District, have been contributing some $30,000 to $40,000 a year to our food services in a school district this size and have done so for the past 10 years. We strongly believe this is an investment in hungry children. We think it has, in fact, kept them in school and our records will so verify; it not only has kept them in school for an extra year and has kept them in school until graduation time, but by the same token it puts them in colleges or in vocational areas.

Our dropout problem is almost nil in our school district, and I think the food program is a big contributing factor. We have some 11 or 12 dropouts this year in the school district, and we have had eight of them back in school this September. So, you can figure those percentages.

However, without the title I money—as the administrators of the Elementary and Secondary Act have said that this money should not be used to purchase complete lunches—and with a reimbursement rate of only 30 cents plus 5 cents from the national school lunch program or 35 cents total, we will look at an even larger deficit this coming year to the point that we may not be able to continue. In addition to this, Mr. Hicks, State lunch program director, informs me that no additional schools wanting to participate in the breakfast program can be added at this time. He also informed me that at the rate we are going, we will run out of money for breakfast sometime in March or April which means that there will be no reimbursement for breakfast these months. A food program has a direct relationship to a child's learning ability. This is the reason we, at San Diego Independent School District, serve three meals a day for 12 months.

On the local level school districts cannot and will not afford expenses for meals. It is just impossible with the taxation schedule as high as it is on the local level, with the teachers' salaries as they are, with a foundation program as we have in Texas where you guarantee teachers raises. Everything is going up in prices. I have talked to many school superintendents in the State of Texas, and the story is the same. We cannot afford this program. Everything is going up in price and people in general are so conscious of taxation. We, at San Diego Independent School District, like all school districts, are dedicated to the cause of education, but we also know that without good nutrition and good health, a child cannot achieve academic goals.

I might insert right now that our per meal cost is a relatively low one. It is 49 cents, which is a complete cost of the meals that we serve.

It seems that the new regulation set down by the U.S. Department of Agriculture not only hurts schools that want to be included in the lunch program for the first time but punishes schools like ours who have been doing the right thing for so many years. I hope that some part of the above statement will clarify just what is happening on the local level in our public schools today.

We have more schools participating in the lunch program today than we have had before. But unless the Federal Government gives

strong and financial support to this program, the local school district cannot afford to continue with what has been right for 25 years, and I should think that the Federal Government should be pleased and honored to participate fully in this kind of a program.

The CHAIRMAN. Mr. Taylor, what rate of reimbursement were your schools receiving for free lunches at the end of the last school year?

Mr. TAYLOR. At the end of the last school year, we got some bonuses. We got 40 cents for lunches and 13 or 14 on the other; so, really, we got some bonuses. Prior to that, it was 30 and 5 cents, and in the last 3 months we got 41, I think, and 14.

The CHAIRMAN. You mean 41 plus 14?

Mr. TAYLOR. Yes, sir.

The CHAIRMAN. Making a total of 55?

Mr. TAYLOR. Somewhere in that neighborhood for the last 2 or 3 months of the year.

The CHAIRMAN. What rate of reimbursement did you expect for your free lunches when this school year began?

Mr. TAYLOR. Well, I expected two things. I know with our broad program that we are not going to get reimbursed the full cost, and I do not expect to do so. But I did expect a reimbursement of around 41 or 42 percent on the average.

The CHAIRMAN. You mean "cents" not "percent?"

Mr. TAYLOR. Yes, sir.

The CHAIRMAN. What rate of reimbursement will your schools receive under these new regulations?

Mr. TAYLOR. Thirty-five cents.

The CHAIRMAN. How large a deficit will your schools face under the proposed regulations?

Mr. TAYLOR. Close to $60,000.

The CHAIRMAN. In other words, you will not have that money so you will have to curtail and restrict the program?

Mr. TAYLOR. No, sir; no, sir. Let me, for the record, say that we will not restrict this program. We just will not do it, no matter what happens. We will arrange for the money some way, somehow, in the school district.

The CHAIRMAN. How will you arrange it?

Mr. TAYLOR. Well, we will just rob from Peter to pay Paul.

The CHAIRMAN. In what way?

Mr. TAYLOR. From within the budget of the school district.

We believe so strongly in the meal program that we will do that.

The CHAIRMAN. You mean by that that you will restrict the number of teachers or perhaps transportation that is necessary, to make up the deficit?

Mr. TAYLOR. No, sir. We will restrict the amount of money we spend on some of our academic areas; we would restrict the number there and not restrict the number of teachers or transportation but some of the academic areas. You see, without the children being in school we cannot teach them, and we think this keeps them there.

The CHAIRMAN. Thank you very much.

Senator Young?

Senator YOUNG. Yes, just a couple of questions.

Are you actually receiving less money for your school lunch and school breakfast programs this fiscal year than you did in the previous fiscal year?

Mr. TAYLOR. At this particular time, no, sir. Not today. We have gotten 35, and we are receiving the same.

Senator YOUNG. You are receiving the same amount?

Mr. TAYLOR. Yes, sir.

Senator YOUNG. Under the new law, you feel you should receive more?

Mr. TAYLOR. No, sir; we would not receive any more. Last year we received some bonuses at the last 3 months of the year, and the national school lunch program director in Texas, Mr. Hicks, told me that will not be paid this year, and we will be out of breakfast-reimbursement money in March.

Senator YOUNG. The Congress has been getting more liberal in its appropriations for the school lunch and breakfast programs. If the funds are not sufficient to take care of the needs, I am sure Congress could be persuaded to appropriate more money.

Mr. TAYLOR. Well, we certainly need it. Some of the big school districts—and I was talking to a large school district in our State just day before yesterday, and they are looking at a deficit in this program of $200,000 for this year by feeding 20,000 children just lunch.

Senator YOUNG. There is a difference between States. My own State does not seem to have much of a problem—or, at least I have had very little in terms of complaints. At least part of this is because we have always had a good program. Maybe there are some areas where they have not had much of a program. I can see where they require a lot more money.

Mr. TAYLOR. I agree. This expanded this program, and this should have been done many years, and the program should have been expanded.

Senator YOUNG. I agree with you.

The CHAIRMAN. Senator Jordan?

Senator JORDAN. Did you say you run your breakfast, lunch, and dinner for 12 months in the year?

Mr. TAYLOR. Yes, sir.

Senator JORDAN. Do your children go to school 12 months a year?

Mr. TAYLOR. No, sir, they go 10 months, and in the summertime we have a full-fledged recreation program with remedial work in the summertime, and we open the gyms and the swimming pools and the little leagues at the particular school districts, and the teachers work for 12 months a year. And we kind of keep them there on the campus. We think there is the place for the students, on the school campus, for as many days as we can keep them.

Senator JORDAN. How far apart are your schools located?

Mr. TAYLOR. They are all in one town. The district is 400 square miles.

Senator JORDAN. The schools are all in one town?

Mr. TAYLOR. Yes, sir.

Senator JORDAN. I thought you probably had the schools scattered pretty well around over the district, but you have them all in one place there?

Mr. TAYLOR. Yes, sir.

Senator JORDAN. You are operating a very ambitious program there. If I am not mistaken, not many schools run a 12-month program.

Mr. TAYLOR. Well, not very many run their cafeterias 12 months. There are 12-month schools, I think, in the country. Academically, I think they are broken down to three and four semesters, but I do not think many open their schools 12 a year. And, of course, we do this in the school year, and when school is out at 3:30, everything else opens up at night.

Senator JORDAN. This is the grade school and the high school?

Mr. TAYLOR. Everything from the kindergarten to the 12th grade.

Senator JORDAN. You have a very fine program down there. You certainly need help, if you continue that program as it is.

How much additional money do you think will be required over what you got last year—and, now, per lunch, I am talking about?

Mr. TAYLOR. Per lunch? Then, it would take the difference between 35 cents and 49 cents.

Senator JORDAN. That is quite a gap.

Mr. TAYLOR. Yes, sir. Now, it was not as bad last year, because we could subsidize the program, if we wanted to from the title I fund.

Now, there is a limit. They do not want to bend the feeding bit. I do not know that there ever should have been, but when they told us we could use that money for first things first, well, we dumped in feed and health.

The CHAIRMAN. Senator Curtis?

Senator CURTIS. How much money did you receive from the Federal Government for school lunches, the total dollars for the school year that began in the fall of 1969?

Mr. TAYLOR. Senator, I cannot answer that question exactly. I would suggest that it is somewhere in the neighborhood of $40,000.

Senator CURTIS. And how much did you receive from the Federal Government for the school year which began in the fall of 1970?

Mr. TAYLOR. I would guess about the same amount.

Senator CURTIS. And how much do you anticipate you will get for the school year beginning this fall, 1971?

Mr. TAYLOR. About the same amount.

Senator CURTIS. It will not be reduced?

Mr. TAYLOR. No, sir; I do not think it will be reduced, except for the 2 months' reimbursement on the breakfast program.

Senator CURTIS. If the total dollars are not reduced, explain for the record a little bit more what the problem is.

Mr. TAYLOR. All right. The problem is this: Most school districts—when the U.S. Department of Agriculture mandated to the schools to feed all needy children, most school districts were not doing so; so, they told them they had to. That particular point, I am one of the few people that did not have to add a student; I was already doing so. But the number that will be added in most school districts when they are serving the food that cost them 49, 50, 55 cents and only receive 35 cents—You see, mine goes back to a deficit 10 years ago when the title I and the Elementary and Secondary Act went into effect. I did not have to add numbers when the U.S. Department of Agriculture mandated to us to feed them. We just were already doing so. But when other school districts that were not participating in this program were mandated to do so, at that particular time they started losing from 8

to 15 cents a meal at a reimbursement rate of 35, and this is the problem.

Senator CURTIS. Well, have you had a marked increase in enrollment in the last 3 years?

Mr. TAYLOR. No, sir. I have about 150 a year, but I was feeding all of these kids in the beginning.

Senator CURTIS. Yes.

Mr. TAYLOR. Where the other school districts and most schools were not.

Senator CURTIS. Now, what has happened in the other school districts that affects yours?

I am not arguing with you; I just want to get it clear in my mind.

Mr. TAYLOR. My cost on my food has gone up from 44 to 49 for this coming year, and, consequently, I had to cut out a bunch of money from title I that I was putting in the program. So, I will lose about $20,000 more this year than I lost last year.

Senator CURTIS. By reason of the increase of your costs?

Mr. TAYLOR. Right, and by reason of not being able to reimburse my school cafeteria with title I money out of the Elementary and Secondary Act.

Senator CURTIS. Well, now, relating to the Department of Agriculture, the $40,000 does come through the Department?

Mr. TAYLOR. Yes, it comes from the Department of Agriculture.

Senator CURTIS. You say that the order to feed all of the children did not affect your school, because you were already doing it?

Mr. TAYLOR. Yes, sir.

Senator CURTIS. And they anticipated sending you the same dollars they have in the last 2 or 3 years?

Mr. TAYLOR. With the exception of bonuses the last 3 months of the year which I got this past year, and the reimbursement for the breakfast program the last 2 months.

Senator CURTIS. So, you did get more in dollars the last 2 years?

Mr. TAYLOR. Yes, sir; we will get more in dollars the last 2 years.

Senator CURTIS. You have not gotten it yet?

Mr. TAYLOR. No, sir; we have not gotten it all yet.

Senator CURTIS. Who pays for the third meal?

Mr. TAYLOR. The Vanic Act, the act that was attached to the U.S. Department of Agriculture national lunch program whereby, if you run a recreational program where all of the children can react and play after school, then they will reimburse you up to 30 cents for the cost of the food.

Senator CURTIS. What is your total enrollment?

Mr. TAYLOR. 1,700.

Senator CURTIS. And how many of them are certified as in poverty or in need?

Mr. TAYLOR. Close to a thousand.

Senator CURTIS. What do the others pay?

Mr. TAYLOR. 40 cents. You see, I am losing 9 cents on their meals from the beginning.

Senator CURTIS. Who fixes that price?

Mr. TAYLOR. We do.

Senator CURTIS. Then, nobody in Washington is to blame for that?

Mr. TAYLOR. No, sir. No, sir. I did not say that anybody was to blame. The local school district can fix that, but so many kids, in

my particular school district, just fall over the top of the guideline and do not qualify, that at 40 cents, it is really too much. But we charge them 40, and really the meal, to break us even, should cost 49 cents.

Senator CURTIS. The freeze did not affect you?

Mr. TAYLOR. Well, we could not have gone up on the price of meals, but we were not going to, anyway——

Senator CURTIS. We have one school district that got frozen at a cost of 20 cents.

Mr. TAYLOR. Yes, that is very possible. We had some in Texas that had planned to go up and did not and were caught—sure were.

Senator CURTIS. That is all.

The CHAIRMAN. Senator Allen.

Senator ALLEN. Mr. Taylor, what effect do you think the continuation of the Department's present policies with regard to the lunch program will have on the program there in your system?

Mr. TAYLOR. I think one of two things, Senator. I think either the program will be dropped in some school districts or they will not participate in the national lunch program or they will participate in the national lunch program and will not fulfill their obligation to feed all of the needy children.

Senator ALLEN. Yes. Well, now, you are feeding all of the needy children there in your system?

Mr. TAYLOR. Yes, sir.

Senator ALLEN. And you were doing that prior to the mandate?

Mr. TAYLOR. Yes, sir.

Senator ALLEN. Now, what would you recommend then that the Department do to set the system in proper order?

Mr. TAYLOR. Well, of course, I would think that just basically that there would have to be a reimbursement rate at least as much as the cost of the meal to the school district and I think that that could be reached on an overall average in the given State. I do not think that anybody would get upset in the country—or the schools would get upset if New York got reimbursed at 60 cents for the cost of the meals and Texas got a rate of 32, for instance.

Senator ALLEN. In other words, reimburse them on the basis of the actual costs?

Mr. TAYLOR. Of the meal; yes, sir. I do not think that anybody, any school cafeteria in the Nation, is in the moneymaking business, but I do think that they are in the foodmaking business and they ought to feed the children.

Senator ALLEN. What do you think of the school lunch program? Does it aid you in the educational process of the children?

Mr. TAYLOR. The school lunch program is a great program. I believe in it wholeheartedly. I think without it we would educate a good many fewer of the children and keep many, many less in the school. I think the school lunch program, personally—and when they added the breakfast program they took a stride in a real direction that it should have been going in. In fact, I personally think that the breakfast program is a much more important meal to children in school than a lunch program.

Senator ALLEN. Well, now, what is your relationship between the two programs and the number who participate in each program?

Mr. TAYLOR. My numbers would not fluctuate much.

Senator ALLEN. They have the breakfast and the lunch both?
Mr. TAYLOR. And the dinner at night.
Senator ALLEN. Yes, those that stay that long?
Mr. TAYLOR. Yes, sir.
Senator ALLEN. I see.
Mr. TAYLOR. We will keep about two-thirds of them that long.
Senator ALLEN. Well, you recommend, then, that the Department reimburse the systems for the actual cost of the meals?
Mr. TAYLOR. Yes, sir, and not necessarily on an individual school basis.
Senator ALLEN. Yes. I understand.
Mr. TAYLOR. But a State average basis; yes, sir. That is what I would recommend.
Senator ALLEN. Thank you very much.
The CHAIRMAN. Senator Bellmon.
Senator BELLMON. Thank you, Mr. Chairman.
Mr. Taylor, you have said you have 1,700 students—about?
Mr. TAYLOR. Yes, sir.
Senator BELLMON. And that a thousand of them qualified for the free lunch?
Mr. TAYLOR. Yes, sir; a thousand or so.
Senator BELLMON. Can you give us briefly how you separate these students? How do you decide which ones get free lunches and which ones pay?
Mr. TAYLOR. By their incomes.
Senator BELLMON. Income of the family?
Mr. TAYLOR. Yes, sir. We do not separate them. I mean nobody knows who gets a free lunch at our school district and who does not, you see. We spend a lot of time to keep us from doing this, and when we have to fill out the questionnaire that was imposed upon us to qualify these people, outside of just our own questionnaire, this put a lot of difficulty in keeping these needy from being pointed out by others.
Senator BELLMON. How much of a job is it to decide which of the 1,700 students are eligible?
Mr. TAYLOR. Not much of a job in my particular case. We have around 100 faculty members and 75 percent of them were born and raised there. They know their mothers and the grandmothers and their fathers and their fathers before them. It is really not much of a job.
Senator BELLMON. It is the faculty that decides?
Mr. TAYLOR. No, sir, it goes through my office. But I thought you were asking: "How did you decide and who decided?" I actually put the final decision on them, but lots of times I have to verify income, and I can do so without going to the employers where many other people cannot go.
Senator BELLMON. This question is not necessarily pertinent to the purposes of the hearing, but I am curious to know how you would feel—or whether or not you would recommend all students be eligible for free lunch?
Mr. TAYLOR. Yes, sir. I would not charge a student a dime for a meal. I think that is as important as English, and history, and math, I think they can sit down and eat with each other and talk things over in the cafeteria and stay out of the automobiles at noon.

Senator BELLMON. You would furnish a free lunch if the student's parents were millionaires?

Mr. TAYLOR. Yes, sir. I would think that it is important that they eat at the cafeteria. Just because a child comes from a family that is a millionaire does not prove that he has the proper food; does it?

Senator BELLMON. I am asking you. Then, what you would like to see is a free lunch program for all students?

Mr. TAYLOR. Yes, sir; sure would as a part of the total school program.

Senator BELLMON. How about the breakfast?

Mr. TAYLOR. Yes, sir.

Senator BELLMON. For all students?

Mr. TAYLOR. Yes, sir.

Senator BELLMON. You mentioned in some of your other testimony that you furnished dinners?

Mr. TAYLOR. We do.

Senator BELLMON. All students?

Mr. TAYLOR. No, sir. All of the needy children.

Senator BELLMON. Now, I come from a rural area also, and do your buses run at 4 o'clock or thereabouts?

Mr. TAYLOR. They are supposed to, but you do not have to run the buses at 4 o'clock if the chlldren are hungry. You can wait until 5 or 5:30.

Senator BELLMON. And give them a meal before they get on the buses to go home.

Mr. TAYLOR. Yes, sir.

Senator BELLMON. You have said that the cost—and I do not know whether it is a lunch or a meal—is 49 cents. Is this the cost of the breakfast?

Mr. TAYLOR. The breakfast runs a little less. Breakfast will run 30, 31, or 32. We lose on that, and get 15 cents.

Senator BELLMON. Fifteen cents for breakfast, and it costs 30?

Mr. TAYLOR. Yes, sir.

Senator BELLMON. Your lunch costs 49?

Mr. TAYLOR. Yes, sir.

Senator BELLMON. I know you cannot do this completely, but in your testimony you told us the kind of breakfast you give: bacon, eggs, hot cereal, homemade bread, fruit juice, and milk. That is a pretty good breakfast.

Mr. TAYLOR. Yes, sir.

Senator BELLMON. What kind of a lunch?

Mr. TAYLOR. Fried chicken, roast beef, shrimp, mashed potatoes, gravy, green salad, a dessert, these kinds of things, and galletas.

Senator BELLMON. That is for 49 cents?

Mr. TAYLOR. Yes, sir.

Senator BELLMON. What kind of a lunch could you serve for 35 cents that the USDA wants to reimburse you for?

Mr. TAYLOR. Well, not the kind of lunch that I would want my children to eat—and I have five. And if I did not want my children to eat it, I would not want any needy children to eat it.

Senator BELLMON. You do not feel that you could run a decent program and serve an adequate meal for 35 cents?

Mr. TAYLOR. Well, I think I could run a decent program and I probably could serve an adequate meal, speaking from minimal

standards, for 35 cents. Yes, sir. But I do not believe I could serve them the kind of meal that children that age would take to and eat.

Senator BELLMON. That is all, Mr. Chairman.

The CHAIRMAN. Senator Humphrey.

Senator HUMPHREY. Mr. Taylor, first of all, do you have any discipline problems in your schools?

Mr. TAYLOR. No, sir.

Senator HUMPHREY. I did not think so.

You consider the school lunch program a part of the total school establishment?

Mr. TAYLOR. Yes, sir; without a shadow of a doubt, I do. Yes, sir.

Senator HUMPHREY. You feel that a school lunch program is cafeteria oriented, and that brings people together inside of the school rather than out on the playground and in cars and it aids your effort to provide an orderly school?

Mr. TAYLOR. Yes, sir.

Senator HUMPHREY. Improves your sense of discipline?

Mr. TAYLOR. No question about it.

Senator HUMPHREY. Do you have the special school milk program?

Mr. TAYLOR. Yes, sir.

Senator HUMPHREY. Do you have adequate milk?

Mr. TAYLOR. Yes, sir.

Senator HUMPHREY. Under the present situation?

Mr. TAYLOR. Yes, sir.

Senator HUMPHREY. Now, this morning I listened to the "Today" show, and it was from Whittier, Calif. It was the President's school, grade school, and they said they had to curtail part of their special school milk program. I do not know whether this was just a local situation or not. You have not had that problem?

Mr. TAYLOR. No, sir.

Senator HUMPHREY. You mentioned bonuses. On what basis did you get those bonuses?

Mr. TAYLOR. I do not know. I think it was excess money we had in the State of Texas, because of the participants in the program.

Senator HUMPHREY. So, it was the bonuses that were granted by the State director?

Mr. TAYLOR. Yes. Well, it was money that was originally coming from the Department of Agriculture, but I think the State has the right to grant some bonuses like that if they see fit.

Senator HUMPHREY. Have you had any information this year that would indicate that those bonuses would not be available this school year?

Mr. TAYLOR. Yes, sir, we have had some indications that they would not be available.

Senator HUMPHREY. That they would not be available?

Mr. TAYLOR. Would not be available; yes, sir.

Senator HUMPHREY. Is that because more of the schools are taking in more of the children?

Mr. TAYLOR. Yes, sir; yes, sir. I am sure that is the reason. The job is doing what it is supposed to do, I think. I do not disagree with all of the children that are needy being fed.

Senator HUMPHREY. The reason I asked this question is that you noted that this year you think you will get about as much money as you got last year with the exception of your title I, the use of title I.

Mr. TAYLOR. And the breakfast program.

Senator HUMPHREY. And the bonuses.

Mr. TAYLOR. Yes, sir.

Senator HUMPHREY. And you also indicated that a number of other schools are now putting in school programs for needy children.

Mr. TAYLOR. Right.

Senator HUMPHREY. And that is why you feel the State of Texas, in its allotment, will not be able to give you a bonus because there will more participants?

Mr. TAYLOR. That is right.

Senator HUMPHREY. So, actually, this year you will get less money than last year if you eliminate the bonuses?

Mr. TAYLOR. Right.

Senator HUMPHREY. You get the same amount of money under the regular allotment of 35 cents?

Mr. TAYLOR. Yes, sir.

Senator HUMPHREY. But you will get less money in terms of bonuses?

Mr. TAYLOR. And title I, in the total picture, correct, sir.

Senator HUMPHREY. So, your deficit, or the moneys you have to pick up from other areas of your school program, will be larger this year than last year?

Mr. TAYLOR. Yes, sir.

Senator HUMPHREY. Drawn down, in other words, from other educational resources?

Mr. TAYLOR. Yes, sir.

Senator HUMPHREY. Now, on reimbursement of the school breakfast program. Did I understand you to say that the breakfast program was being shortened?

Mr. TAYLOR. Yes, sir. We have, as I understand it, less money. We cannot expand the program in the State of Texas at all. There is no one new one being added. And we, at the same time, will run out of money, if we continue to spend the way we have spent, sometime in March or April.

Senator HUMPHREY. And you know the new legislation provides for reimbursement, prepaid?

Mr. TAYLOR. Yes, sir.

Senator HUMPHREY. And that we increase these sums of money appropriated by the Congress?

Mr. TAYLOR. To the States?

Senator HUMPHREY. For the total program.

Mr. TAYLOR. Well, our breakfast program certainly does not have that much money available in it.

Senator HUMPHREY. You are going to get less this coming year than the last year?

Mr. TAYLOR. Yes, sir.

Senator HUMPHREY. Well, somebody has the bookkeeping fouled up, because we added $25 million to the school breakfast program. We have $6.5 million that was set aside in reserve pending determination of need.

Would you say that you had some need for the breakfast program?

Mr. TAYLOR. Yes, sir, we certainly do. We need to expand the program. That is what the program is all about, I think. We need to expand it, like the national lunch program has been expanded. It

should be mandated that they eat breakfast if they do not have it at home.

Senator HUMPHREY. Now, when you said the Department of Agriculture mandated, what do you mean by that—"mandated"?

Mr. TAYLOR. Well, you see, really for years and years and years, if we had been taking part in the national lunch program, we have always been, supposedly, feeding all of the needy children. We have said that we were, but this has not been done in all cases. So, the Department of Agriculture took a strong step, which I completely agree with, telling these schools that they must feed these needy children if they are to participate in the national lunch program.

Senator HUMPHREY. If they were to participate in the national school lunch program they must feed the needy children is that correct?

Mr. TAYLOR. Yes, sir.

Senator HUMPHREY. And do I understand that after mandating this, they did not provide you with the funds necessary for the total reimbursement of these feedings of the needy children?

Mr. TAYLOR. That is exactly right. They did not provide the funds for the total amount to feed all of the needy children.

Senator HUMPHREY. Thank you.

The CHAIRMAN. Senator Chiles.

Senator CHILES. Mr. Taylor, how long have you been feeding the three meals a day?

Mr. TAYLOR. For 18 months now.

Senator CHILES. For 18 months; so, you actually had started that before.

Now, before the three meals a day, were you feeding all of your needy children two meals?

Mr. TAYLOR. Yes, sir.

Senator CHILES. First, two meals a day?

Mr. TAYLOR. Yes, sir.

Senator CHILES. How long were you doing that?

Mr. TAYLOR. We started the minute the breakfast program went effect. It was, I guess, 3 years ago.

Senator CHILES. Three years ago?

Can you tell us what kind of result? Did you notice any difference or any results in your schools' dropout rate, or, you know, in anything tangible? Were there any tangible results that you noted?

Mr. TAYLOR. Oh, yes, sir. The real tangibles were in regard to academic achievement and in regard to average daily attendance.

I guess the great thing was that a number of years ago, I guess in 1968 or 1969, Dr. Shaefer, who is no longer with Health, Education, and Welfare, was running this poverty survey throughout the country and he picked families at random and gave "physicials" to them, and, of course, they came to San Diego like all of the other 50 States and they found that we probably had the healthiest poor kids in the world, and they asked us what we were doing that so many of the other people were not doing. And at that time we were doing nothing but feeding them three meals a day and taking care of their health needs, you know.

Senator CHILES. So, it actually did show up in a survey?

Mr. TAYLOR. Yes, sir, it actually did, and it actually showed up in average daily attendance and the academic achievements of these children. We do not have the retainers today that we had 7 years ago.

Senator CHILES. Retainers? You mean "repeaters?"

Mr. TAYLOR. Yes, sir.

Senator CHILES. What about dropouts?

Mr. TAYLOR. Well, we had less than 15 a year.

Senator CHILES. Less than 15 a year?

Mr. TAYLOR. In number, yes. Last year, we had 12.

Senator CHILES. Can you remember the prior years, prior to the time you were feeding them?

Mr. TAYLOR. It would vary between 20 and 22 percent.

Senator HUMPHREY. Percent?

Mr. TAYLOR. Percent. Now, I am talking about 20 percent of 1,700 is 200 and—what? Three hundred and something.

Senator CHILES. So, that figure has gone from somewhere in the neighborhood of 300 to less than 15 a year?

Mr. TAYLOR. That is right.

Senator CHILES. After you started feeding?

Mr. TAYLOR. Yes, sir. And another thing that has come forth, as you can see, is that our migrant problem—We had 450 migrating 6 years ago. Now, with this program we have less than 100 migrants each year. They stay there.

Senator CHILES. They are staying there to get the food?

Mr. TAYLOR Yes, sir, and to go to school.

Senator CHILES. They are no longer being pulled out of the system and traveling?

Mr. TAYLOR. No, sir. Their daddies and mothers sometimes leave, but they leave the children with a grandfather or grandma or uncles and aunts, because what the school can provide for them is far beyond what they receive monthly.

Senator CHILES. Have you done any studies—Or from your observation, how do these kids compare now with the children that are not needy in their grades at school?

Mr. TAYLOR. Well, I can only give you one comparison that we made last year. People have said that if you can—and the SRA did this—if you can take kids who come from 65 to 70 percent poor families of Latin-American descent and pull them up on the average norm, educationalwise—We tested the second and third graders last year, and we are at the average norm with the second and third grade children.

Senator CHILES. Are the kids in your schools, having 65 percent poverty people, at the average norm?

Mr. TAYLOR. Yes, sir, at the second- and third-grade levels.

Senator CHILES. Again, from your observations, these kids, as they leave your school for graduation or other, where are they going in the community?

Are they taking your jobs?

Mr. TAYLOR. Of course, we are working ourselves out of business. We do not have much of a community; we do not have a lot of industry for them to go and work in. We have to get them into vocational areas, and, of course, when they do they leave us and go to the larger cities. Those that go to college do not come back, because there are no jobs

for them except in the school system. So, we are working ourselves out of business, but it is a pretty good investment.

Senator CHILES. Are some of these needy kids going on to college?

Mr. TAYLOR. Oh, yes, sir. In our last 2 years, our needy children—well, as an example, one of the poorest children we have was valedictorian 3 years ago. She is now working in our school district at a real good salary, and we have a number of these. I would guess that 30 percent of our graduating class goes on to college, and of that 30 percent you can figure that at least half of them come from poverty-stricken homes.

Senator CHILES. What kind of a drug problem do you have in your area?

Mr. TAYLOR. As far as we know, we have some problems in the area but we do not have any in the schools.

Senator CHILES. That is all.

The CHAIRMAN. Senator Aiken?

Senator AIKEN. Have you had a school-feeding program for the 13 years you have been superintendent in San Diego?

Mr. TAYLOR. No, sir. We started 2 years after I got there.

Senator AIKEN. You have had it for 11 years, since 1960?

Mr. TAYLOR. Yes, sir.

Senator AIKEN. When did you get the mandate to feed all needy children?

Mr. TAYLOR. Last year. It has always been there in the regulations.

Senator AIKEN. The first time that it has been forcibly called to your attention——

Mr. TAYLOR. Yes.

Senator AIKEN (continuing). Was last year?

Mr. TAYLOR. Yes.

Senator AIKEN. That is all.

The CHAIRMAN. Thank you very much.

Senator CURTIS. I have a couple of other questions.

The CHAIRMAN. Senator Curtis.

Senator CURTIS. Were there some schools receiving school lunch Federal money and not using it for the needy prior to this last year?

Mr. TAYLOR. Well, I would not say that, Senator. I would say that some schools were participating in the national lunch program and not feeding all of the needy. They were feeding a great portion of them, but I do not think they were feeding them all.

Senator CURTIS. Were they using the money for anything else?

Mr. TAYLOR. No, sir; no, sir. They were not getting the money unless they fed them. You did not receive it unless you fed them, but if you did not feed them you did not lose 8 or 10 cents a meal.

Senator CURTIS. They cut down the number?

Mr. TAYLOR. Yes, sir.

Senator CURTIS. How did they arrange to do that? Do you happen to know?

Mr. TAYLOR. No, sir, I do not. I could not pinpoint a school district. But the numbers have increased since they have passed this new regulation, to feed all of the needy children. It has expanded just like a balloon.

Senator CURTIS. This 35 cent reimbursement—is that based on your cost, in your case, or is that uniform?

Mr. TAYLOR. That is uniform.

Senator CURTIS. That is uniform? Are there schools in Texas that serve a lunch for 35 cents?

Mr. TAYLOR. Yes, sir, there are some schools that I am sure can serve a lunch for 35 cents.

Senator CURTIS. Do you know what they serve?

Mr. TAYLOR. No, sir. I know they meet the minimum standards—I am sure they meet the minimum standards.

Senator CURTIS. How much money did the State of Texas get last year, the total amount?

Mr. TAYLOR. I have got that in my briefcase, exactly what they got last year. In the 1970–71 school year the State of Texas was allotted in all of the categories, $40,117,000.

Senator CURTIS. And how much do they anticipate they will get this year?

Mr. TAYLOR. They anticipate for the 1971–72 school year $33,634,573.

Now, the school breakfast we were talking about a while ago, for the 1970–71 school year was $1,131,570. The allotment for the 1971–72 school year is now $822,569. That is published in this paper.

Now, I understand that the U.S. Department of Agriculture is some funds to assure that everybody gets a 30-plus-5 reimbursement through the year.

Senator CURTIS. So, that $33 million is not final?

Mr. TAYLOR. No, sir, I am sure that it is not. Those figures are never final on the starting allotment. There is some deviation in them before the year is over.

Senator CURTIS. I see. So, you are not prepared to say that Texas will get $7 million less than they did last year?

Mr. TAYLOR. No, sir. I am not prepared to say that. I am prepared to say that these are the starting figures.

Senator CURTIS. I see. That is all.

Mr. TAYLOR. As I understand them.

The CHAIRMAN. Thank you very much, Mr. Taylor.

The next witness is Mr. Howard W. Briggs, director, Food Service Department, Detroit Public Schools, Detroit, Mich. I believe with him is Dr. Eugene Samter, assistant superintendent of schools, Buffalo, N.Y.

Come around, gentlemen, and have seats, and you may proceed as you see fit.

STATEMENT OF HOWARD W. BRIGGS, DIRECTOR, FOOD SERVICES DEPARTMENT, DETROIT PUBLIC SCHOOLS, DETROIT, MICH.

The CHAIRMAN. I take it you are Mr. Briggs?

Mr. BRIGGS. Yes, sir.

The CHAIRMAN. And you are Dr. Samter?

Mr. SAMTER. That is correct, sir.

The CHAIRMAN. Proceed, sir.

Mr. BRIGGS. I am Howard Briggs, director of Food Service, Department of the Detroit Public Schools.

Thank you for inviting me to testify today regarding the changes in regulations proposed by the U.S. Department of Agriculture. After carefully reviewing the proposed changes, we find little that

would lead us to believe that the U.S. Department of Agriculture is in any way attempting to follow the intent of the Congress in its passage of Public Law 91-248; namely, to provide food service to needy children.

In fact, we believe that the timing of the proposed changes, as well as the changes in regulations themselves, will nullify much, if not all, of the progress that has been made during the past few years. We are told that these new regulations will eliminate midyear funding uncertainties of last year. So, now, we have funding uncertainties at the beginning of the year, which will be far more damaging to the feeding programs.

Last spring, as chairman of the major city directors section of the American School Food Service Association, I sent out questionnaires to 75 directors regarding rates of reimbursement, value of commodities et cetera. Of the 42 replies returned there were 10 districts that were receiving 12 cents reimbursement from section 4 on some of their lunches and 30 cents additional or more, for free lunches. Recently I contacted six of these districts including Detroit to determine what information they had received regarding reimbursement for the current year. Of the districts contacted only Detroit and Boston had been advised that we will be reimbursed 12 cents for each lunch that we serve plus 30 cents additional or more for each free lunch that is served. Four of the six districts had been informed that they would be reimbursed 5 cents and 30 cents, respectively. They are Cleveland, Indianapolis, Minneapolis, and St. Louis. All of these districts are currently considering the effects of this cutback in reimbursement rates and ways that their programs can be modified in order to minimize the amount of damage to their programs.

A second area of concern with the proposed changes is the new apportionment formulas for allocation of funds to States. This is not an area in which I am directly involved, but I have contacted the State director in Michigan. I have been advised that Michigan will be apportioned less under the proposed formula than we received last year. Also, the flexibility that was available under last year's regulations that permitted State directors to meet the individual needs in their State has been removed.

We do not believe that an average of 5 cents of general cash-for-food assistance and 30 cents for each free or reduced price lunch will provide most States with sufficient funds. Under this apportionment formula most States will only be able to meet the needs of a very limited number of districts.

To maintain a State average reimbursement of 5 cents, for each lunch reimbursed at 10 cents, one must be reimbursed at zero cents or two at 2.5 cents. In many cases, a school district receiving less than 7 cents per lunch would be just as far ahead to dropout of the national school lunch program and just participate in the special milk program where they are reimbursed 3 cents for each half-pint of milk served. We know of no school district that is contemplating this action, but we believe that it is a reasonable possibility.

We believe that the two areas just discussed are the most important and damaging factors in the proposed changes of regulations. We have, of course, made detailed comments to the Department of Agriculture regarding all of the changes and requested clarification on some points.

In closing, we submit the following recommendations for your consideration:

1. That the U.S. Department of Agriculture be requested to withdraw the proposed changes in regulations immediately and to reinstate last year's regulations.

2. That the Department of Agriculture be requested to establish a committee with diversified experience in school feeding programs including operation of programs at State and local levels to rewrite the regulations.

(a) Prior to the first meeting of this committee the Department should establish broad goals that it wants the new regulations to meet.

(b) These revised regulations should then be published in the Federal Register and concerned parties should be given a minimum of 30 days to comment on the regulations.

(c) The comments should be reviewed by the Department of Agriculture and members of the committee, with the final regulation published no later than June 1, 1972.

We believe that these recommendations are reasonable and will permit schools to reach the stated goals of the Congress and the Department of Agriculture.

The CHAIRMAN. Dr. Samter, do you have a statement also?

Mr. SAMTER. Yes, sir.

The CHAIRMAN. Proceed, please.

STATEMENT OF DR. EUGENE C. SAMTER, ASSISTANT SUPERINTENDENT OF SCHOOLS, BULLAFO, N.Y.

Mr. SAMTER. Mr. Chairman and honorable members of the committee, I thank you for the opportunity, and thank you so much for identifying me correctly. I began to doubt my own identity. I am Eugene C. Samter.

Dr. Joseph Manch intended, until 2 days ago, to show up, but he became embroiled in some serious financial difficulties, school difficulties, with the board of education with which he is meeting today. Dr. Manch then asked our deputy superintendent, Mr. Claude Clapp, to come down. He is my immediate superior, and late last night I received a telephone call from him saying that he, too, was involved in this same closed-door board session. The financial difficulties of which I am speaking. One of the components is the very topic which we are discussing today.

At the outset, let me make clear our support, not only of the free lunch program but also of a more comprehensive program of proper nutrition and nutrition education for all schoolchildren. Consistent with this goal, our superintendent, Dr. Joseph Manch, has gone on record as favoring the expansion of the free lunch program to include all of the children in the Buffalo public schools.

It is no longer either fashionable or reasonable to suggest that a free public school education should be provided only to those who are economically disadvantaged. You will recall that as recently as the middle of the last century free public education was available only to the indigent; others had to pay. The need for education is found at all levels of society. In view of its direct and indirect educational value, therefore, the feasibility of a universal free lunch program merits serious consideration.

In Buffalo, however, to date we have only been able to undertake a free lunch program for children of the needy.

The Buffalo public school system is the second largest in New York State. Nearly half of our pupils participate in the national school lunch program and we are grateful to the administration and to the Congress for the support this program has received over the years. Almost 75 percent of the pupils participating in the national school lunch program receive free lunches daily, which figure suggests that we are operating one of the most extensive free lunch programs of any large city in the Nation.

Institutions magazine, the organ of the food services organizations, has reported that the Buffalo School Food Service Department is the seventh fastest growing food service organization in the world. This is true because our free lunch program which served 1,700 pupils daily in February 1970 was serving more than 23,000 need pupils daily less than a year later.

Every needy child in every public school in the city of Buffalo was served a free hot lunch each day last year. By needy, I mean those children who qualified because they are members of families whose income size meet the criteria used to determine economic need.

The question may well be asked how were we able to gear up to such a huge feeding program in such a short time. The answers are:

1. Our superintendent and board of education expected it.
2. We had an outstanding staff.
3. Very importantly, Buffalo was one of the first districts to use a commercial vendor to deliver hot prepackaged type A lunches to school.

We had to do the latter because 55 of our 99 schools do not have cafeteria facilities. Even if we had the funds to construct the facilities, which we did not, we could not afford the time construction would have taken. I am proud to be able to say that we were able to expand our free lunch program as I have described without any sacrifice of the high standards our school food service programs have always maintained. Evidence that this is so can be found in the fact that the Buffalo public schools' free lunch program has received public praise from community groups and from elected public officials.

As, of course, you recognize, the increase in the number of pupils served by the free lunch program is accompanied by an increase in the cost of that program. Therein lies the last major and still unresolved problem we in Buffalo face in attempting to provide this important educational and health service to needy boys and girls.

That is why I am here this morning: to acquaint you gentlemen with the problems we face if we are to continue to give free school lunches to those children whose parents cannot afford to buy them. I am here to ask that the Congress and the administration take whatever action is necessary to secure full Federal funding of the free lunch program. Specifically, I am asking that local school districts receive a 60-cent reimbursement for each meal given to a needy child.

Let me briefly tell you some of the fiscal facts of life about the Buffalo public schools and how they affect our ability to operate a free lunch program and why we need a 60-cent reimbursement.

Our board of education is fiscally dependent upon the mayor and the common council of the city of Buffalo. The board does not have the power to go directly to the taxpayers of its district for the funds to

operate its schools, as do all but five of more than 700 school districts in the State of New York. We must rely on an appropriation from the municipal government. We asked the city of Buffalo for $89.3 million for the operation and maintenance of our schools in 1971–72. We have received appropriations of less than $75 million, which amount is not enough to enable the board to continue the programs and services it provided last year and to meet it mandated increases and to carry out its contractual obligations. This last is important. As a matter of fact, the board of education's inability to fund all of the provisions in its contract with its teacher organization has resulted in that organization lodging a complaint alleging unfair labor practices. That complaint is being adjudicated at the present time.

The board of education has been advised that the school foods program faces an operating deficit of almost $700,000 in the current year. This deficit arises from the fact that while it costs the board of education approximately 68 cents to put a hot free lunch before a needy child, our revenue for that lunch totals only 39 cents, 35 cents of which represents Federal support and the remaining 4 cents a contribution by the State of New York.

In spite of the fact that the Buffalo public schools began the fiscal year some $14 million short of the funds requested, a shortage which required a reduction in teaching, administrative, and noninstructional staffs, a shortage which required that the board make decisions which resulted in unfair labor practices being lodged against it, in spite of this shortage, the board nevertheless reaffirmed its commitment to the free lunch program by allocating $265,000 of its own funds to that effort. It is recognized that $265,000 is only sufficient to permit the program to operate for about a third of the school year. And this will be one heck of a Christmas present to 23,000 children. It is the board of education's hope and my own that, before these funds are exhausted, you, the Congress, will have taken the necessary action to make additional funds available. Certainly nothing could be more tragic than for the board of education to be forced to discontinue providing hot free meals to needy children this winter, and I think Buffalo's winters are well enough known that it is not necessary for me to characterize them here this morning.

Gentlemen, I do not want to end my statement with a maudlin, sentimental appeal, but it is a fact that the future of the free lunch program in Buffalo rests with you.

The CHAIRMAN. Thank you, sir.

Mr. Briggs, what rate of reimbursement were your schools in Detroit receiving for free lunches at the end of last year?

Mr. BRIGGS. 12 cents for each lunch that we serve plus an additional 40 cents for each free meal.

The CHAIRMAN. 52 cents?

Mr. BRIGGS. 52 cents.

The CHAIRMAN. Would you answer this same question, Dr. Samter?

Mr. SAMTER. Yes. As I mention in my statement, 39 cents, 35 of which was Federal money.

The CHAIRMAN. Now, first, Mr. Briggs, and, then, Dr. Samter, I will ask you to answer the same question.

What rate of reimbursement did you expect that your schools in Buffalo would receive for free lunches during this school year?

Mr. BRIGGS. I had thought, before the change of regulations, in talking with our State director—and we had determined the weighted average cost of lunches at 55 cents. We had agreed that 55 cents would be needed this year as total reimbursement for the free lunches.

The CHAIRMAN. What did you anticipate in Buffalo?

Mr. SAMTER. We expected full funding, which meant up to 60 cents reimbursement.

The CHAIRMAN. What rate of reimbursement will your schools receive under the new regulations?

Mr. Briggs?

Mr. BRIGGS. At the present time we are anticipating 12 and 40 cents, the same rate that we closed with. We realize that if the regulations are not changed that there is a distinct possibility that this rate of reimbursement might have to be changed at some future date.

The CHAIRMAN. And what do you anticipate under the regulations as they are promulgated?

Mr. BRIGGS. From all that seems to be happening in other States, I would assume that it would be difficult for anybody to pay more than 5 cents and 30 cents, even though the regulations permit it. The schools that are administered by the Department of Agriculture, the Detroit Archdiocese, for example, I received a phone call Monday, and they had been notified that they would receive 5 cents and 30 cents. Last year they had received 60 cents.

The CHAIRMAN. Dr. Samter?

Mr. SAMTER. As do all 740 school districts in New York State, Buffalo will receive the same reimbursement as last year, a total of 39 cents.

The CHAIRMAN. And how large a deficit will your schools face under the new regulations, Mr. Briggs?

Mr. BRIGGS. Under the new regulations, I think it would be hard to say. Basically, the problem is that: In Detroit, the board has just adopted a budget that will mean that we will increase our deficit. We had an operating deficit at the close of last year of about $17 million. The proposed budget that has been adopted will add another $14 million to that for a total of around $30 million or $31 million.

The CHAIRMAN. That is the new nutrition program only?

Mr. BRIGGS. No; that is the total education program.

The CHAIRMAN. Well, I am trying to get at the nutritional program. This committee does not have jurisdiction on the total educational program, but we do have the nutritional programs.

Mr. BRIGGS. The problem is this: It would be as nice as it could be for the district to say that we will make up the food service deficit. Detroit is not in a position to say that we will make up the difference. We will have to cut back the program and scale it down in proportion to the cutback in reimbursement. We could not afford to operate with a deficit in the food service program and add further deficits to the school district.

The CHAIRMAN. What would be your anticipated deficit, Dr. Samter?

Mr. SAMTER. $700,000 in the nutrition programs alone.

The CHAIRMAN. Now, do your schools have any means of making up the funds needed to make up this deficit in your schools, Mr. Briggs?

Mr. BRIGGS. No; we do not.

The CHAIRMAN. Dr. Samter, does your——

Mr. SAMTER. Sir, we are not permitted to have a deficit, by constitution, in New York State. Nevertheless, some $265,000 from our instructional program is being transferred for the school food service program. This still leaves a deficit, of course, of $435,000.

The CHAIRMAN. You feel you can carry out your requirements of the law, Mr. Briggs, to provide a free meal for every child who cannot afford to pay for it under these regulations?

Mr. BRIGGS. Under the new regulation, no, sir; we do not.

The CHAIRMAN. Can you, Dr. Samter?

Mr. SAMTER. Pardon the hesitation, sir. I am trying to frame an answer to that. We do; we feel we can carry out——

The CHAIRMAN. The law to provide a free meal to every needy child who cannot afford to pay for it under these proposed regulations?

Mr. SAMTER. Only to the extent that funds are made available. Present funds will last until just before Christmastime. The quality of the food and the numbers of children will remain the same. That is: every needy child will receive a type A lunch as long as the money lasts.

The CHAIRMAN. Well, will these regulations provide the money? That is what I am asking you. Can you answer it?

Mr. SAMTER. No, sir; the regulations themselves will not provide the money.

The CHAIRMAN. Your answer is negative; is that what you said?

Mr. SAMTER. Yes, sir.

Senator TALMADGE. Senator Curtis.

Senator CURTIS. How much money for this purpose did you get in dollars in Buffalo for the last full year?

Mr. SAMTER. Approximately $2 million last year came from State and Federal sources.

Senator CURTIS. How much from the Federal?

Mr. SAMTER. Approximately $1,400,000.

Senator CURTIS. And how much do you anticipate the Federal Government will provide this year?

Mr. SAMTER. The same amount, Senator.

Senator CURTIS. The same amount?

Mr. SAMTER. Yes, sir.

Senator CURTIS. Are there changes in regulations as with regard to nonfood costs, equipment; does that enter into your problem at all?

Mr. SAMTER. I understand that there are some changes made. There was more liberality extended for equipment last year than there is this year.

Senator CURTIS. Does this create any added problem in your state, in your city?

Mr. SAMTER. In the city of Buffalo, sir?

Senator CURTIS. Yes.

Mr. SAMTER. To my knowledge the reimbursement for equipment will remain the same in New York State. I believe that is 75 percent, but I would add that the largest part of our program is noncafeteria. The free hot lunches are prepackaged, prepared and prepackaged by a vendor and brought into the classroom.

Senator CURTIS. What do you have to pay that vendor?

Mr. SAMTER. We are still advertising for bids for the current year, Last year it was 57 cents per lunch.

Senator CURTIS. What did the menu include? How does it compare with what our previous witness testified?

Mr. SAMTER. Most of the items that I heard Mr. Taylor mention are included: the fried chicken, roast beef, meat patties. I do not know that he mentioned the latter, but those are included, too; all hot items.

Senator CURTIS. That is all at this time.

Senator TALMADGE. Senator Ellender.

Senator ELLENDER. Mr. Chairman, I regret I was a little late. I was occupied somewhere else.

How long have you had the program in Buffalo?

Mr. SAMTER. We have had a lunch program since the turn of the century, sir.

Senator ELLENDER. You are one of the few cities in New York that has had it that long.

Mr. SAMTER. Yes, sir.

Senator ELLENDER. Now, to what extent are you called upon to pay more for these lunches than you did last year or the previous years?

Mr. SAMTER. The cost of our prepackaged lunches, we are in high hopes, will drop, not increase. The first indication of a bid that I have is that it will be a penny drop, from 57 cents a lunch to 56 cents per lunch.

Senator ELLENDER. Now, how does the amount of money you got last year compare with what was proposed this year?

Mr. SAMTER. The amount of money we received from the State and Federal sources is going to be the same this year as it was last year.

Senator ELLENDER. Well, if you are going to pay less for your lunch by 1 cent, why should you be in trouble? Are there any more children?

Mr. SAMTER. No, sir. Our labor costs have increased; and the cost of food in our cafeteria schools has increased; and, prior to the freeze, the cost of nonfood items, and nonfood supplies have increased; and fringe benefits for the some 400 personnel involved in the school food service program have increased.

Senator ELLENDER. Well, as a matter of fact, is it not true that the local people are supposed to pay for the distribution of that food, mostly? Is that not a function that must be discharged by the local people because the school lunch program—I do not like to boast too much about it, but I offered it back in 1946, and it was supposed to be a plan whereby the local people would participate in it, too, to a much larger extent than the Federal Government and now it looks as though it is changing to the point where the Federal Government is being called upon to put up more and more. And I am just wondering the extent to which we have had a change in that direction in Buffalo; that is where the Federal Government is being asked to put up more money than in the past?

Mr. SAMTER. I think the Federal Government is being asked to put up more money than in the past, Senator. In New York State——

Senator ELLENDER. That is to pay, to pay for labor, to pay for distribution of these school lunches?

Mr. SAMTER. To pay for the total cost of the school lunch program in Buffalo; yes, sir.

Senator ELLENDER. Well, now, I am sorry, Mr. Chairman; I was late, but what particular new regulations affect Buffalo? What is the significant change; can you say it in a few words?

Mr. SAMTER. As I understand it, the provision for special financing in an special needy school district is there in the regulations. However, as I also understand it from our State school food service bureau chief, the USDA regulations are restricting reimbursements to the State to no more than an average of 35 cents per free lunch. There is not enough—if all 730 school districts outside of New York City and Buffalo, voluntarily or otherwise, dropped out of the school lunch program, our State chief estimates that there will still not be enough to fund fully the programs in New York City and Buffalo.

Senator ELLENDER. Well, to what extent has the cost increased to the local people? Has it been in the same proportion that we are now demanding or requesting from the Federal Government?

Mr. SAMTER. The local cost in Buffalo was about $331,000 last year and now that local cost is some $731,000.

Senator ELLENDER. You mean in 1 year it has doubled?

Mr. SAMTER. Yes, sir.

Senator ELLENDER. What caused that?

Mr. SAMTER. As I mentioned, the increased labor costs, fringe benefits, food supplies, and nonfood supplies, food supplies in our cafeteria schools, and nonfood supplies.

Senator ELLENDER. Well, would you be able to tell us about what proportion of the entire cost of this program in Buffalo is paid for by the State, city, and local people; that is at all levels, in contrast to the Federal Government, percentagewise? Would you say that the Federal Government puts up about 26 percent and the rest is put up by the State and local people?

Mr. SAMTER. I was just running down the figures, sir: and the percentages appear to be approximately 60 percent Federal for lunches alone, I mean. And then, in addition, Federal money for breakfast, special milk program. Approximately 25 percent local and the remainder State.

Senator ELLENDER. Thank you.

The CHAIRMAN. Senator Bellmon.

Senator BELLMON. Thank you, Mr. Chairman. Dr Samter was giving some estimates. I wonder if it would be out of order to ask that those figures be included in the record, the exact figures that he was giving us the estimates from?

Mr. SAMTER. Yes.

Senator BELLMON. Supply a copy if you can. He has it, and if it would be easier, let us have it.

Mr. SAMTER. I think that would be better because I realize now that I inadvertently left out one major local contribution, and that is the lunches that are paid for. My apologies for doing that.

Senator BELLMON. If you will give us the complete figures.

Mr. SAMTER. I can give you the only copy I have, or I can cite them into the record.

Senator BELLMON. Mr. Chairman, I would like to ask a question here that does not bear directly on what we are hearing here today, but Dr. Samter in his statement says that in view of this direct and indirect educational value, the universal lunch program deserves serious consideration. When you say "universal school lunch program," you mean the school furnishes a lunch to everyone?

Mr. SAMTER. Yes, sir.

Senator BELLMON. Regardless of financial ability of the family to pay?

Mr. SAMTER. Yes, sir.

Senator BELLMON. Would you care to enlarge upon that? Why have you come to this conclusion?

Mr. SAMTER. In the less than 15 months that I have had supervisory responsibility for, among other things, the school food service, a number of things have come to my attention. One is that improper nutrition is found at all levels; in fact, I believe that we find it more often—and this is not research by my office—but I believe we find it more often at the two extremes: among the more affluent and among the least so.

Senator BELLMON. You would say, then, that the children from upper-income families are not well-nourished enough to learn well?

Mr. SAMTER. Yes, sir.

Senator CURTIS. Would you yield there? Does it follow that that lunch has to be free? Can it not be provided in the schools; could not the school still make requirements that the kids stay there at noon and eat, and not go out in their cars, but still if they were able to pay for their own lunch? I am not talking about the borderline cases; I am talking about those that are clearly able to pay.

Mr. SAMTER. Logically, sir, I would have to agree with you, but, one does not follow the other, not necessarily follow. But, there is another kind of sense or logic that recognizes that the only way we can assure that the proper nutrition is given our children is by supervising it ourselves, just as the only way we could assure public education is by supervising it ourselves and paying for it publicly.

Senator BELLMON. Now, you, in your statement said that by 1970 you were serving 1,700 pupils daily a free lunch.

Mr. SAMTER. Yes, sir.

Senator BELLMON. And 1 year later you were serving 23,000 with free lunches?

The CHAIRMAN. Senator Bellmon, would you yield at that point? The Senate is now in the process of having a live quorum at the moment, and I understand that the majority leader is going to propose a unanimous consent request on this draft vote at that time. And the Chair, unfortunately, has an engagement at 12 o'clock, and I do not know whether the distinguished Senator from Louisiana has plans, but Senator Allen has agreed to preside beyond 12 o'clock, if that is necessary.

So, you may proceed, Senator Bellmon, and if you feel it necessary to go to the floor of the Senate, of course you can.

Senator BELLMON. Can you give the committee briefly the reasons for this, what seems to be this huge jump in services to the needy students? What happened?

Mr. SAMTER. The advent of Public Law 91-248 is of major importance: the mandate that all needy children receive a free- or reduced-price meal. And the board of education in Buffalo, meeting there, adopted a policy recognizing, adhering to, and complying with that mandate. Prior to that the free lunches, as I have mentioned, were being given to a very minimal number of children, 1,700.

Senator BELLMON. Do you expect another jump in the current school year?

Mr. SAMTER. No, sir.

Senator BELLMON. As I understand this problem what has happened is that you are getting the same amount of dollars roughly for the 1971–72 year as you have the the 1970–71?

Mr. SAMTER. Yes, sir.

Senator BELLMON. You are not anticipating any increase in the demand for free lunches?

Mr. SAMTER. No, sir.

Senator BELLMON. Then what is the problem?

Mr. SAMTER. Increaded costs.

Senator BELLMON. Costs have gone up. How much is the increased cost; what percentage?

Mr. SAMTER. Excuse me, sir, two things: increased costs and one other factor that, until this point I had not mentioned.

Last year, in order to support a part of our deficit the New York State Education Department allocated to us just short of $400,000 from State-urban education funds and informed us at that time that that was the last time that they were going to do it.

Senator BELLMON. So, it is a withdrawal of State support?

Mr. SAMTER. Yes, sir.

Senator BELLMON. Now a withdrawal of Federal support. Now, in your statement you come to the conclusion it is going to be up to the Congress to take the necessary action to make additional funds available. Our previous witness was critical of USDA. You do not feel the problem is with the USDA, but rather with the lack of appropriations?

Mr. SAMTER. No, sir; I would concur that the regulations are what are aborting the intent of Public Law 92–148, and as I understand it, the regulations are written in the department.

Senator BELLMON. But you say in your statement the Congress will have to take the necessary action to make additional funds available. Do you feel there is a shortage of money and if the regulations were changed would you need any more money?

Mr. SAMTER. I am not really qualified, but I did check with our State man. It is his opinion that what is available in the way of appropriations would be sufficient.

Senator BELLMON. If the regulations——

Mr. SAMTER. If the regulations were changed.

Senator BELLMON. And properly drawn?

Mr. SAMTER. Yes, sir.

Senator BELLMON. Mr. Briggs, in your statement you mention that you do not feel that the average of 5 cents and the 30 cents for each free meal will provide most of the States with sufficient funds. Do you give any value to the commodities you receive?

Mr. BRIGGS. Yes. The value of commodities last year was slightly under 9 cents.

Senator BELLMON. So, in addition to the 30 cents and the 5 cents you would add on 9 cents?

Mr. BRIGGS. In the case of Detroit, which was down a couple hundredths of a cent from what we had received the year before, commodities are important, but they fluctuate.

Senator BELLMON. It gives you a value, then, of about 44 cents for each lunch from the Federal Government?

Mr. BRIGGS. More than that in our case for a free lunch. We are talking about 52 cents plus 9.

Senator BELLMON. 61 cents?

Mr. BRIGGS. Right.

Senator BELLMON. What are the lunches costing you?

Mr. BRIGGS. When we put the value of the commodities into the cost, on the weighted average, it would be 64 cents.

Senator BELLMON. You are 3 cents short on each lunch?

Mr. BRIGGS. Yes, sir.

Senator BELLMON. That is all.

The CHAIRMAN. Senator HUMPHREY.

Senator HUMPHREY. Mr. Briggs, were the school authorities consulted by the Department of Agriculture before the regulations were issued?

Mr. BRIGGS. Yes and no. Actually, I served on a committee that was formed by the Department of Agriculture that included some school people, two school people, State directors, department people, to review those changes in the regulations last March and early April.

Senator HUMPHREY. Did you concur in these proposed changes?

Mr. BRIGGS. The proposed changes that came out are not necessarily those recommended by the committee, sir.

Senator HUMPHREY. That is what I would like to know.

Mr. BRIGGS. There are very few, and I do not have them so it is hard for me to say. I did not get a printed copy of the recommendations that the committee made, but my recollection is that other than waiving the 12 cent rule which the Department was willing to do anyway, that was about the only change.

One of the committee recommendations was for 40 cents.

Senator HUMPHREY. 40 cents for what?

Mr. BRIGGS. For the free and reduced-price meals as a minimum. That would be a base.

Senator HUMPHREY. 40 cents now. And what is the base?

Mr. BRIGGS. Thirty.

Senator HUMPHREY. The base is 30?

Mr. BRIGGS. That is what it was before, and that is what it is now. They have not changed that. Part of the problem in the regulations is the use of section 32 transfer funds where it was apportioned to the States last year. The Department is now going to control all of the section 32 transfer funds so that the transferability by the States to use, in our case, the State director to use section 32 funds to supplement section 4, he also used them to supplement section 11. I believe they were also used to supplement nonfood assistance.

You cannot start a program unless you have the money. Now, I realize there is an appropriation, and I cannot quote the exact appropriation that would amount to the various States, but in our case in Detroit, and Minneapolis, St. Louis, we are caught with antiquated buildings, and I think Buffalo has probably got the same problems. We are now in all poverty area schools, by the way. We have added some 60 programs last year and we are using a program similar to Buffalo, except ours is totally cold, but it is a prepackaged program.

Now, we use minimum equipment expenditures in these schools because we need only refrigerators. Eventually we are going to have to put in a hot program. But, we are now going to have to wait until perhaps March before we can move hot lunch programs in those schools, although possibly the Department might concede that because

it is a cold lunch program, that the money could be spent to furnish equipment to provide a hot lunch before March.

Senator HUMPHREY. You speak of these different sections, you know: Sections 11, 32, all of these different section funds. Would it not be a whole lot simpler if you just got an appropriation for school lunches?

Mr. BRIGGS. Yes, I am sure it would be appreciated by most State directors, at least, in trying to keep track of what is going on.

Again, the needs in each State are going to vary. The apportionment should probably just as well include a cost-of-living index with a per capita income index in that certainly this is a factor. The 60 cents, and again it was brought up at the meeting with the USDA; 60 cents in the case of New York does not come anywhere close to covering their costs. Yet that is the maximum. So if they are going to provide free lunches and meet the mandate of the law, then they are going to have to spend educational money to do this. New York is, I am sure, no better financially than Detroit or most of our large school districts.

Senator HUMPHREY. You heard Mr. Taylor from San Diego testify here, and he stated that it was his view that most school authorities would have no particular resistance to a different level of reimbursement related to different States and the cost of handling the program, for example, in some States might be 40 cents and in another State might be 60 cents, average. And in another State it might be 65 or even 70.

Is that your view, that there would be no particular resistance to that?

Mr. BRIGGS. Right. What really I think we are looking for would be an amount of money to cover the cost of providing a free meal. We are not trying to make money on the program. Our goal would be to break even, and for the most part sometimes we are able to and other times we are not. Detroit, over the last 2 years has accumulated in the food service operation a deficit of a half million dollars. Now, this year we were fortunate. The most current figure I have is that we had a profit last year of $8,000 on our total budget for food service operations of approximately $10 million. This $8,000 profit quickly goes to lower the deficit in excess of half a million dollars.

But, at least in trying to present a program to the board we have got that much in our favor. This is the year that we broke even, and we have kind of broken away from the trend. For a school district that is $31 million in debt, it is difficult for them to assume additional costs. When they have to consider, as Detroit did last year, laying off some 200 teachers to save money. This is a difficult decision for a board of education to make, to cut into their educational program. I do not know if we are more fortunate or less fortunate than Buffalo, but we are not connected with the city government. We, in a sense are; our income is based on State aid, and the electorate and what they vote, what millage, and the board of education of the city of Detroit is going to seek an increase of 2½ mills for next year to keep going and this is really holding the line. They are not really making that much progress.

Senator HUMPHREY. Do you think that if the Federal Government fully funded these programs it would lend itself to waste, or to put it another way: if you have to participate at the local level with all of

your own funds, do you think that this promotes greater care and better administration of the school lunch program?

Mr. BRIGGS. I would say with the staff of people like we have in Detroit, that it would not promote waste. Actually again, we are fortunate. We have a dedicated group of people in the food service program. I think they perhaps may be the most dedicated employees of all of the educational people.

I realize there is a degree of partiality in that statement. But, for the most part, bad weather, cold weather, whatever the troubles are, our people are there. We have had blizzards in Detroit. We had food ready, but no students to get there. Our people braved the storm and got there, got to the school and started preparing food.

Senator HUMPHREY. Do you have a breakfast program?

Mr. BRIGGS. We have a breakfast program in about 12 secondary schools and we had a pilot breakfast program during the second semester in 15 elementary schools. The board has not really made a decision on whether to continue the pilot breakfast program in the elementary schools. There was a shared cost for it. I can give you a total. Well, no; the average cost was 47 cents.

Now, it is a very simple breakfast. It is not a hot breakfast; it is just cereal, milk, juice, and it meets the minimum requirements. And basically——

Senator HUMPHREY. For 47 cents?

Mr. BRIGGS. Yes, sir.

Senator HUMPHREY. What kind of cereal are you giving them?

Mr. BRIGGS. The little packs of cereal.

Senator HUMPHREY. 47 cents for a glass of juice and cereal and a glass of milk?

Mr. BRIGGS. And the labor involved.

Senator HUMPHREY. I say that that is pretty high priced.

Mr. BRIGGS. I agree. The problem, you know, really with this is that it is a school program. We never estimated that it would be cheap. We came fairly close to our estimated cost to the board, roughly 21½ cents.

Senator HUMPHREY. Is this why you do not expand your breakfast program?

Mr. BRIGGS. I think that this has a lot to do with it. I think that it is going to have a lot to do with the board's decision as to whether we can expand it into all of the poverty area schools or not.

Senator HUMPHREY. I will j9st ask the gentleman, Dr. Samter from Buffalo: were you consulted on these regulations?

Mr. SAMTER. No, sir; nor was my director of school food services.

Senator HUMPHREY. Yet you have the second largest program in New York State.

Mr. SAMTER. That is correct, sir.

Senator HUMPHREY. Do you have a breakfast program?

Mr. SAMTER. Yes; we have a pilot breakfast program in six schools. We are hoping to increase that because it is self-supporting.

Senator HUMPHREY. What do you mean by that?

Mr. SAMTER. That support of the program comes entirely, almost entirely, from nonlocal funds. I have to hedge on that one because I have to also admit that some of our nonfood supplies that we purchase generally: straws, napkins, and things like that we ascribe as a cost to

the school lunch program, and yet use it in the breakfast program. I have not yet done an analysis of those items.

Senator HUMPHREY. Do you have a third meal, such as Mr. Taylor?

Mr. SAMTER. No, sir.

Senator HUMPHREY. Do you, Mr. Briggs?

Mr. BRIGGS. No, sir; but it would be nice, really. I think Mr. Taylor has a very nice program, and he should be complimented on the breakfast and the three-meal concept.

Senator HUMPHREY. He lives in an area where he knows most everybody, too. I gather that that helps a little bit.

Just one final word: is it your judgment that a breakfast program is valuable to the learning capacity, to the general well-being and health of the students?

Mr. SAMTER. I would say a categorical "yes."

Mr. BRIGGS. I would have to say I think breakfast is perhaps one of the most important meals.

Senator HUMPHREY. Is that not often the meal that is most neglected for children, particularly from some families?

Mr. BRIGGS. I think it is very important; yes.

Senator HUMPHREY. Thank you.

The CHAIRMAN. Thank you very much, gentlemen.

The next witness is Miss Josephine Martin, administrator, school food service program of the Georgia Department of Education, Atlanta, Ga. Miss Martin has been before this committee several previous times and I am sure all the Senators are familiar with her and the outstanding reputation and record she has earned for herself in Georgia.

Have a seat, Miss Martin, and you may proceed as you will.

Miss MARTIN. Thank you, sir. I have Dr. John Perryman, executive director of the American School Food Service Association, whom I would like to have make a brief statement.

The CHAIRMAN. Fine. You may come around.

Miss MARTIN. I would like for his statement to precede mine, please, sir.

Senator TALMADGE. You want Dr. Perryman to go first?

Miss MARTIN. Yes, sir.

The CHAIRMAN. You may proceed as you see fit, Dr. Perryman.

STATEMENT OF DR. JOHN N. PERRYMAN, EXECUTIVE DIRECTOR, AMERICAN SCHOOL FOOD SERVICE ASSOCIATION, DENVER, COLO.

Mr. PERRYMAN. Thank you, Mr. Chairman. I am John Perryman, executive director of the American School Food Service Association. I did not know until yesterday, sir, I was to have the privilege of testifying today, therefore, I do not have a written statement.

But, I would like to make just three points orally, if I may. The first has to do with meals; the second has to do with attitudes, and the third has to do with timing.

I do not pose as an authority on these regulations, Mr. Chairman. I believe the best authorities on them are the officials of the State departments of education throughout the country who actually administer them. And so, we have contacted our State directors throughout the Nation and asked them what they believe the impact of these proposed regulations will be in their individual States.

Thus far we have had replies from 43 of them. Five have indicated that they were not yet prepared to indicate; the other 38 all indicated they anticipated major losses if these regulations went into effect.

Minnesota, as an example, a loss of over $2 million, and nearby Maryland, nearly $4 million. Oklahoma $1 million; California $9 million. These figures have been quickly drawn. They are anticipated figures. I am very sure that there is a margin of error in them. As we examine them in a preliminary fashion it would appear to us that our State directors are saying across the Nation that they anticipate a loss of somewhere between $150 and $180 million, if these regulations are put into force.

Now, if we take the most conservative figure of $150 million, and if we could provide two meals for a dollar, which we cannot quite do, the national average is 52.56 cents per meal, but if we could provide two meals for a dollar, then we are talking about 300 million meals; 300 million lunches taken out of the school lunch program during the current year, and these meals are taken from the poorest children. And this means 300 million times that a child will be in a school lunchroom and see other children eat and not have a meal, or 300 million times that he will go to sleep at his desk, or 300 million times that he will not come to school at all, to the detriment of our $40 billion a year investment in education, and to the tragic detriment of the child himself.

Second, Mr. Chairman, we are troubled that there has been, perhaps on the highest level of the administration, a major change in attitude toward child feeding programs as priority items in the budget.

The representative of the Secretary of Agriculture spoke to our national convention in Detroit 2 years ago in very encouraging terms, and he said:

> Now is the time to bring new thinking, new ideas and new procedures into child feeding programs. We must really turn on and go all out to see that the children who need food have access to food programs. The national commitment has been given to us; let us respond with group action, working together which will actually free this Nation from hunger and malnutrition.

That statement was made 2 years ago.

In Boston last year, again the same representative of the Secretary of Agriculture spoke to our national group with pride of accomplishment of what had taken place in the past year, and he spoke of the national commitment that is embodied in President Nixon's pledge to put an end to hunger in America itself for all time.

And this year, the same representative of the Department of Agriculture in our national convention in Minneapolis spoke to us of discipline and of holding the line.

We add to this the letter issued by the Department of Agriculture regarding the breakfast programs, which states flatly that we are not now thinking in terms of outreach; we are not now instructed to move ahead. We are told that we must stand still.

I had occasion to be in the State of Arkansas to talk at length with the State director there, and she told me of the work and the effort of her office last year to get new breakfast programs started. The school administrators in that one State had promised 40 new breakfast programs for this year and, of course, now they are advised that such an expansion should not take place.

Finally, I would wish to make a comment on the matter of timing. We are well into the school year. School administrators and boards of

education have launched their programs for the year. This is analogous to being in a football game; the flag has been raised, the pledge of allegiance has been given; the whistle has blown and the game has had several plays already, and then the football commissioner comes out on the field and says to the officials: we have to stop and come up with a new set of rules.

The timing, it seems to us, sir, could not possibly have been worse.

The CHAIRMAN. Miss Martin.

STATEMENT OF JOSEPHINE MARTIN, ADMINISTRATOR, SCHOOL FOOD SERVICE PROGRAM, GEORGIA DEPARTMENT OF EDUCATION, ATLANTA, GA., AND CHAIRMAN, LEGISLATIVE COMMITTEE, AMERICAN SCHOOL FOOD SERVICE ASSOCIATION

Miss MARTIN. Thank you, Mr. Chairman, and members of the committee, my name is Josephine Martin, and I am the administrator of the school food service program in Georgia. I am here today because of my concern for the schoolchildren in my State and for all the schoolchildren in the Nation. I believe their nutritional well-being is going to be harmed if the USDA adopts the amendments to the regulations which they have proposed as mandates under which we in the States must administer and operate the national school lunch program.

I welcome the opportunity to describe in detail how these regulations will adversely affect the school lunch program in Georgia. These proposed rules have been described as a "breakthrough" in program funding. I would describe these proposals rather as a "breakdown" in Federal assistance to the States in the programs to end hunger and malnutrition in America's schoolrooms.

The USDA insists its proposals will place a floor of 35 cents under the amount each State can expect to be reimbursed by the Federal Government for each free and reduced price lunch served to needy children. Last week, for example, Assistant Secretary Richard Lyng said the USDA proposals "guarantee each State that, no matter how much it expanded its program, it could be assured that it would be able to maintain a statewide average rate of 5 cents under section 4 and a statewide average rate of 30 cents under section 11."

I intend to show you that this pledge may not be carried out under the proposed regulations because of conflicts in the regulations. The USDA claims the regulations will insure the schoo lunch program is being expanded and improved to reach more needy children, but I will show you how the regulations will make it more difficult for the States to achieve that goal; and at the same time, I will show you how the regulations have the effect of rewriting portions of Public Law 91–248 which the Congress enacted last year and also the formula for general cash for food assistance (sec. 4).

The USDA has sought to emphasize the need for a "high degree of management integrity," as Secretary Lyng told us last month at the annual convention of the American School Food Service Association. He said the department would show "proper concern and demand proper responsibility for prudent decisions and for good management." I will describe for you how the USDA's own actions fall short of this rhetoric, and in fact, create an environment in which the States are unable to carry out this laudable goal.

Let me emphasize that our disagreement with the USDA is not over the goals which the words portray; rather, it is with the actions the department proposes to take to help us carry out those goals.

I am a State director, responsible for the child nutrition programs which are operated in 99 percent of the public and private schools in Georgia. School administrators, school food service directors in each school district, and the State department of education together are the operating and administrative personnel who will determine the success or failure of the national school lunch program and in fact all the child nutrition programs.

The CHAIRMAN. Miss Martin, will you suspend temporarily? Unfortunately the Chair has an appointment which will demand his departure for the Democratic Policy Committee meeting at 12:30. If Senator Humphrey and Senator Ellender can preside until you have completed your testimony, and then if it is agreeable to the rest of the witnesses, and Dr. Lyng, and members of the committee, we will reconvene at 2 p.m.

Is that agreeable with Senator Ellender and Senator Humphrey?

Senator HUMPHREY. Yes, sir.

Senator ELLENDER. I will try my best, Mr. Chairman.

Senator TALMADGE. And who wants to take the Chair temporarily?

Senator HUMPHREY. The most distinguished chairman.

Senator ELLENDER. You go ahead.

Senator TALMADGE. Senator Humphrey. Excuse me, and I will see you at 2 p.m.

You may proceed, Miss Martin.

Miss MARTIN. Thank you, sir.

In the nature of the federal system of government we practice, sometimes I wonder if the Federal level is aware of or responsive to needs of the State and local levels where the problems are and the action is. There are no hungry children in this committee room, nor on the floor of the Senate or the House. There are no hungry children in the office of the Secretary of Agriculture, nor in my office in Atlanta. The hungry children are in the schools where nutrition programs must be operated to feed them.

Now, the Congress has said that all needy children shall be fed; and President Nixon has said that all needy children shall be fed—he promised it would be done by last Thanksgiving. I along with the other 50 school lunch directors, and all school district food service personnel want to do this. We want to see that every child is fed because we believe a hungry child cannot learn.

We recognize that if this job is going to be done—if the rhetoric is to become a tangible reality—then school food service personnel will be the persons who do it. If we don't, we ask who will? However, we cannot convert promises into food, and we can only convert resources into better nutrition.

Thus, I and the other State school food service directors were dismayed when the USDA last March told the Congress that the States could achieve an expansion in the school lunch program during 1972 with no more funding than in 1971. Charts No. 1 and 2 indicate the level of Federal assistance to Georgia for the fiscal years 1970, 1971, and 1972, and the pupil participation in those years. Is it any wonder, in looking at those charts, that State directors are alarmed over the

proposed funding pattern? Chart 1 reflects an increase of $10,400,000 in 1971 over 1970 and tentative allocations for 1972 reflect $4.5 million decrease in apportionment. Chart 2 reflects an increase of 12 million free and reduced lunches in 1971, and with full implementation of Public Law 91–248, we project 63.8 million free and reduced lunches in 1972. But how will we, can we ever reach that goal with only 35 cents per meal, and with no assurance of even 35 cents per meal?

It was clear to the State directors and American School Food Service Association in March that a national program to serve lunches to all needy children could not succeed if the Federal Government limited its contribution to a maximum of 35 cents for every lunch served. USDA gave authority in March 1972 that permitted us to pay up to 42 cents per meal by using section 32 funds.

And I would insert here that this was also the authority that permitted Texas to pay Mr. Taylor the high levels of reimbursement the last 2 months. Up until that time we did not have the authority.

In Georgia, for example, a school lunch cost 44 cents, on the average, last year; and the cost will be higher this year by at least 5 percent. The Georgia General Assembly appropriated $3.2 million for school lunch programs for this year or about three times as much as the Congress requires under the State matching provision. As Georgia is a large State, the State funds will provide only 2 cents per lunch.

Thus, with 35 cents from the USDA and 2 cents from the State funds, the cost of a lunch will be about 7 cents higher than we supposedly can pay, on the average. If we serve all the needy children we can reach in Georgia, then we must operate the program at a $6 million deficit. We could try, I suppose, to get the local school boards to assume these costs. However, their budgets are set, and revenues are down. Title I and OEO moneys are gone. The result then will be that many schools and possibly entire school districts will simply drop out of the national school lunch program.

We have heard that several school districts in Connecticut will not have lunch programs in 1971–72 because of deficits, and at least two low-income schools in Lincoln, Nebr., have canceled plans for school lunch programs. School operating costs already are high, and communities do not have additional tax dollars available to pick up these program costs.

Georgia figures have been used as an example to describe the problem. This multiplied 50 times presents the national problem. Dr. Perryman has given a summary of a survey conducted by the American School Food Service Association which is summarized in the summary report which is attached. This report shows the amount of projected deficit by each State and certain school districts within these States. The national average cost of producing a meal excluding USDA funds in 1970–71 was 52.6 cents per meal. The projected deficit for 1971–72 for all the States based on the survey by American School Food Service Association is $187 million. It would be a shame if national policy and national rhetoric were to combine in such a way as to deny better nutrition to all children.

We, however, have not been able to get to these arguments in a meaningful way with the USDA, and therefore to the Congress, because we first must contend with the fact that the 35-cent floor which the USDA promises is a fiscal mirage.

The USDA regulations, as opposed to the USDA claims will actually require me to set an averge reimbursement rate of about 15 cents from USDA funds for meals served to needy children, or about 20 cents less than Secretary Lyng told the Congress I will receive.

I will be required to take the funds allocated to Georgia for helping needy children and determine the amount I can pay local schools by this formula: Divide the dollar amount—which is 89.7 million—by the number of free or reduced price lunches I plan to serve this year. Some 63.8 million.

Under this formula the USDA appears to be proposing a limit on the reimbursement rate from special cash assistance forms in Georgia to 15 cents a lunch for needy children.

Now, this requirement, if you would like a citation, this proposed regulation is 210–11(B)(1).

I say appears because elsewhere in the regulations the USDA is proposing to reimburse the States at 30 cents for each lunch served to needy children after a minimum number (or base) of free or reduced price lunches has been reached.

(I apologize to the committee if what I am saying is confusing. It is not me, but the language of the regulations as proposed. We have asked the USDA to clarify what appears to be a contradiction, and to omit the cumbersome bases, but nothing as yet has been forthcoming.)

As of today, I can only assume that I would be able to reimburse local schools only 15 cents for each free and reduced lunch from section 11 funds and perhaps, after a time, when we have reached a trigger point, I could raise the payment to 30 cents for each lunch served to a needy child. The harsh truth, however, is that unless I can reimburse local districts at least 40 cents for a free or reduced price lunch, from the start to the finish of the school year, then I may not have to worry about trigger points, base figures or anything else the department may devise.

Now the USDA will say that I can give individual schools more than 30 cents from special assistance funds if that is necessary to insure the needy child is fed in a particular school. That is all well and good, except I must do it within an average reimbursement rate (which means I must do it within cumbersome guidelines which reward poor management and promote unsound business practices).

Higher reimbursements are allowed only where a lunch program is costing a school more than is typical of the State as a whole, and chere the operating costs would exceed its lunch program revenues, andwhere remedial action will eliminate a deficit. This regulation only makes it harder, if not impossible, for me to respond to the many varying conditions and situations I can expect to find within the 219 school districts in Georgia. (The 15 and 30 cents would be in addition to 5–6 cents from section 4 funds.)

This is an example of how the proposed rules will restrict the program. Let me cite other examples of where the regulations proposed by the USDA will actually deny authority to the States which the Congress extended to them.

Last year, Kentucky for example, spent $81½ million from section 32 funds on the school breakfast program, as the State was allocated only $317,262 from breakfast funds. The only reason Kentucky could expand its program to 500 schools as it did was by the transfer

of funds from other child nutrition program activities. Unless the transfer authority is extended, Kentucky breakfast programs will collapse by late September. The Congress authorized the transfer authority in Public Law 91–248 as a way to give the States increased flexibility in the management of funds; as a way for the States to determine greatest needs of their State.

Overall, the States last year spent $20 million on the breakfast program, even though the appropriation from the Congress was $15 million. This indicates, I believe, the wisdom of permitting the State to adjust programs to local needs.

This authority will no longer be available to the States, however, not because the Congress has repealed any authority, but because the USDA has directed that States will earn section 32 funds only for free or reduced lunches served, and has made no provision for transfer of funds from any programs. In reality, this is a double blow.

On the first of this month USDA informed the States that breakfast program funds would be restricted to $18.5 million even though the Congress had appropriated $25 million. With another $3 million carryover from fiscal year 1971, the USDA actually has $28 million available for breakfast, or over $10 million more than the Department now proposed to spend. In effect, the breakfast program will be sharply cut back in order to fit into the smaller spending level set by the USDA.

The regulations also propose to rewrite the legislative policy another way. Last year the States spent nearly $38 million to modernize old kitchens and equip new cafeteria facilities, even though the Congress appropriated only $16 million directly. The Congress authorized $38 million under Public Law 91–248. However, the Department only asked for $16 million. The difference was made up with the transfer authority.

The Department, in addition to cutting off the transfer power, has proposed that half of the $16 million available for nonfood assistance—equipment—be spent after March 1 unless spent in schools without facilities.

Permission for States to spend those funds in schools with facilities even after March 1 negates legislative intent that half the nonfood assistance funds would be used exclusively to expand programs to schools without facilities in schools, regardless of the meager nature of those facilities. Meagerness or adequacy are not considered in allocating half the funds. Yet, the regulations favor the States that have more schools without facilities by permitting intended funds for those schools to be used in schools with facilities after March 1.

The effect of this regulation also will delay or postpone expenditures of nonfood assistance funds, thereby resulting in unexpended funds at the close of the year.

The regulation proposes to rewrite legislative policy in still another way.

The budget request for 1972 contained the same amount for section 4 purposes appropriated in 1971 when the program growth by USDA figures would require an additional $18 million to provide a 5 cents average. The Department now proposes to guarantee 5 cents to all States including those that earned less by the formula. The Department proposes to do this at the expense of 37 States that had earned more than 5 cents. By using section 32 funds to supplement section

4, less section 32 money will be available for special cash assistance for free and reduced lunches in all States.

We have requested a 5-cent floor for all States since the early 1960's, so we are pleased that the Department has recognized that need. We wonder if it is within the prerogative of the Department to provide a regulation that has the effect of changing the formula for earnings funds in the National School Lunch Act. The goal of 5 cents could have been achieved had additional section 4 funds been requested by the Department in the budget request and if Congress had approved the request, of course.

For longer than I care to remember, each school year has begun with uncertainties regarding the amount of financial support the Federal Government would provide, and worried that when we were told it would not be sufficient to our needs. With the new law last year, we accepted with reluctance the obstructions as growing problems.

This year, however, was expected to be different. The Congress completed action on the appropriations for the child-feeding programs as the fiscal year was beginning, more than 2 months before school was to begin; the Congress provided authority for the Secretary of Agriculture to spend $100 million from section 32—in addition to the increased amounts in the child nutrition appropriations—for school lunch. And, further, the Secretary announced in June the national eligibility standards for children who are eligible to receive free and reduced price lunches.

It was a heady period where many of us felt that, for the first time, we could really show what the States could do with meaningful Federal support. That sense of hope is rapidly disappearing, and the 1971–72 school year is beginning to parallel the confusion and disorganization which characterized the start of the school year in 1970–71.

We managed to overcome the shaky start a year ago, and carried the school lunch program to a record level of service to needy children, and to all school children. Rather than start from that plateau, it appears that the school lunch program is headed in the wrong direction.

If the proposed regulations are to become the policy for the school lunch program this year, then it will mean that:

1. The level of funding to the States will not sustain the school lunch and breakfast program operating in April and May 1971 nor the objectives contained in the State plans of operation;

2. It will mean the lack of transfer authority will strip the States of the flexibility needed to strengthen the child nutrition program by adjusting it to the individual needs of the States;

3. It will mean the efforts to restrict the funding availability will create unworkable and undesirable administrative procedures;

4. It will mean the intent of Public Law 91–248 and Public Law 92–32 cannot be fulfilled.

Mr. Chairman, school food service people are committed to fulfill the intent of Public Law 91–248; school food service people are responsible for administering the program at State and local levels. Reasonable regulations and adequate funding are two prerequisites to implement child nutrition programs in accordance with congressional intent.

The specific comments relating to proposed regulations prepared for American School Food Service Association by an ad hoc committee of State directors and major city directors were transmitted to

Mr. Herbert Rorex in accordance with USDA instructions. However, I wish to summarize the recommendations which American School Food Service Association believes necessary if we are to fulfill the commitment:

(1) Increase level of apportionment to States from section 11 and section 32 funds for free and reduced meals must be increased to a minimum of 40 cents per meal.

(2) Eliminate concept of establishing a base for paid and free lunches.

(3) Provide for transfer of funds between sources within the State to permit individual States the flexibility and autonomy to determine the priorities for funding within States.

(4) We would ask they rewrite criteria for States to use in determining eligibility for rates in excess of 30 cents per meal to simplify and permit higher rates wherever needed.

(5) We would ask they rewrite regulations on nonfood assistance that will permit the use of funds, and regulations that will use funds in accordance with congressional intent.

Finally, I wish to thank you for this opportunity to have dialog with USDA pertaining to the needs of child nutrition programs, and make one final recommendation that USDA be urged:

(1) To involve program administration (CSSO, SD, FSD) in identifying needs (funding and procedural);

(2) That they be urged to present realistic budget proposals which reflect opportunities for growth and expansion, and;

(3) That they be urged to issue regulations by May 1 which are expected to be effective the following school year.

Many additional children received improved nutrition in 1970–71 in spite of difficulties encountered in late funding, restrictive regulations, and uncertainties in fund utilization. The history of school food service success has been built on cooperation, meaningful dialog, and uniformity of purpose. We, the school food service practitioners, earnestly seek to put an end to hunger in American schoolrooms for all children, and we know that such a goal will only be achieved through cooperation, uniformity of purpose, and dedication to the American School Food Service Association theme, "Always the Child First."

I would hope that this committee can prevail upon the Secretary of Agriculture to suspend any further action of the proposed regulations, and to assure the States and school districts that a level of funding will be available (even if it means asking for more money) to continue the progress we have begun to make in child nutrition programs. I would hope that this committee would insist that the Department establish reasonable regulations that reflect knowledge of the problems involved in food service administration at State and local level.

Our concern is "Always the Child First." Will you ask the Department to place a high priority on the future of our country—its children.

In behalf of American School Food Service Association, I think this important committee for holding this hearing to focus attention on the dilemma faced by school food service personnel.

I thank you for the privilege of appearing here today.

(The attachments to Miss Martin's statement are as follows:)

SUMMARY REPORT, FREE AND REDUCED PRICE LUNCHEON PROGRAM, FISCAL YEAR 1971-72

State or school district	Number type A lunches served, 1970-71 (Free or reduced)	Number type A lunches to be served, 1971-72 (Free or reduced)	Anticipated loss in 1971-72 at 35 cents
Alabama	35,789,305	40,000,000	$5,250,000.00
Birmingham	2,606,563	2,668,812	373,633.68
Alaska: Anchorage	234,000	277,200	85,100.00
Arizona	7,434,448	10,000,000	1,476,159.00
Phoenix (Isaac District No. 5)	52,220	75,000	8,775.00
Phoenix	42,220	50,000	17,700.00
Tucson	930,889	1,000,000	150,000.00
Arkansas	18,873,010	22,703,962	987,622.00
California	89,000,000	133,500,000	9,000,000.00
Oakland	3,455,540	4,000,000	724,000.00
Sacramento	1,285,411	1,547,493	116,927.34
Palm Springs	43,246	57,000	11,400.00
Colorado	8,560,357	11,000,000	550,000.00
Littleton	25,435	31,000	29,450.00
Denver	3,094,957	3,500,000	
Connecticut	4,829,718	5,312,139	700,000.00
East Haven	72,282	72,000	22,320.00
Delaware	1,724,159	2,500,000	(1)
Florida	36,671,477	43,067,674	6,916,668.00
Miami	5,370,196	5,859,180	412,858.00
Broward County	2,658,354	3,000,000	222,300.00
Bay County	418,890	564,265	67,710.00
Baker County	100,897	101,197	13,356.00
Hillsborough County	3,960,067	4,323,600	367,586.00
Palm Beach County	2,543,286	3,000,000	150,000.00
Georgia	44,298,239	63,859,511	6,002,794.00
Columbus (Muscogee County School District)	1,050,517	1,075,517	75,286.19
Atlanta	7,005,696	7,461,066	500,000.00
De Kalb County	756,851	800,000	80,000.00
Macon	1,311,486	1,861,569	196,156.90
Hawaii	1,945,713	2,288,000	456,600.00
Idaho, Jerome	35,688	40,000	1,600.00
Illinois	47,255,707	52,272,000	16,000,000.00
Chicago (Archidiocese of)	1,374,559	1,700,000	
Indiana	9,832,652	27,068,940	5,251,104.00
Indianapolis	1,915,468	2,563,730	307,647.60
Iowa	6,783,989	9,900,000	352,440.00
Ames	18,941	20,000	3,500.00
Kansas	4,766,830	6,595,865	659,586.50
Shawnee Mission	90,727	95,200	20,000.00
Dodge City	76,188	77,688	8,500,000.00
Wichita	649,000	1,000,000	
Kentucky, Todd County	78,081	93,690	12,179.70
Louisiana	37,346,845	48,600,000	0
New Orleans	72,000	77,000	0
Maine	4,677,677	6,630,000	1,326,000.00
Maryland	14,533,800	15,987,180	3,996,795.00
Montgomery County	475,235	1,110,000	388,500.00
Baltimore County	327,162	500,000	100,000.00
Massachusetts	11,677,391	16,200,000	3,240,000.00
Boston	988,027	3,554,040	248,783.00
Michigan:			
Detroit	5,800,657	7,000,000	1,400,000.00
Levonia	32,585	*6,800	*1,402.14
Midland	44,100	50,000	6,500.00
Minnesota	13,563,160	14,919,476	2,154,000.00
Minneapolis	2,683,045	3,000,000	750,000.00
Crosby	36,058	50,000	6,500.00
St. Louis County	159,709	165,000	21,450.00
Mississippi	34,715,547	38,187,101	1,140,000.00
Greenodle	709,885	735,000	30,000.00
Missouri	15,449,143	20,000,000	4,000,000.00
St. Louis	3,500,000	6,000,000	750,000.00
Kansas City	2,114,997	2,326,496	465,299.20
Hazelwood School District	10,648	10,648	44,000.00
Kirkwood	10,982	12,000	2,400.00
Montana	1,573,914	1,844,460	
Great Falls	170,404	200,000	60,000.00
Nebraska	5,166,556	6,202,800	496,224.00
Omaha	1,602,318	2,052,300	420,000.00
Nevada: Las Vegas	479,935	749,835	64,485.00
New Hampshire	1,907,254	2,155,187	215,518.70
New Jersey	17,154,000	24,300,000	8,019,000.00
Patterson	522,381	525,341	
Newark	5,495,241	64,000,000	1,936,000.00
Elizabeth	738,717	838,323	159,281.37

Footnotes at end of table.

SUMMARY REPORT, FREE AND REDUCED PRICE LUNCHEON PROGRAM, FISCAL YEAR 1971–72—Continued

State or school district	Number type A lunches served, 1970–71 (Free or reduced)	Number type A lunches to be served, 1971–72 (Free or reduced)	Anticipated loss in 1971–72 at 35 cents
New Mexico	11,187,023	12,000,000	1,200,000.00
Albuquerque	2,151,923	2,582,308	82,375.63
Gallup	1,230,312	1,275,000	185,000.00
Sante Fe	500,686	756,000	604,800.00
New York	95,000,000	110,000,000	.....
Sweet Home Central School District	7,000	12,000	3,600.00
Buffalo	4,082,758	3,750,000	950,000.00
North Carolina	44,229,463	48,652,409	3,259,711.00
Winston-Salem	1,096,757	1,276,757	293,654.00
North Dakota	2,286,001	2,500,000	.....
Ohio	24,419,524	26,500,000	5,565,000.00
Cleveland	3,388,359	5,312,199	1,965,513.63
Lima	201,304	215,000	55,000.00
Columbus	1,327,691	1,600,000	320,000.00
Cincinnati	2,866,733	3,000,000	210,000.00
Akron	1,467,415	2,000,000	380,000.00
Dayton	1,269,972	2,000,000	500,000.00
Toledo	289,857	450,000	47,000.00
New Philadelphia	26,946	30,000	5,658.45
Oklahoma	12,892,752	14,697,737	1,000,000.00
Tulsa	927,558	1,159,448	200,000.00
Oklahoma City	1,645,000	2,000,000	317,027.00
Oregon	5,926,467	8,473,249	1,476,175.54
Portland	1,473,112	1,732,500	361,471.56
Pennsylvania	22,442,315	23,400,000	5,000,000.00
Elizabeth	29,847	39,000	10,000.00
Pittsburgh	4,188,618	3,587,580	748,203.00
Cheltenham Township	6,790	10,620	.....
Philadelphia	4,809,661	8,447,400	777,161.00
Monongahela	54,000	60,000	12,960.00
Murrysville	22,832	25,000	10,000.00
East Allegheny School District	299,460	389,298	52,764.94
Marrietta	14,395	17,525	6,200.00
Legonier	19,800	30,000	10,000.00
Shaler Area School District	6,000	47,840	9,568.00
Plymouth Meeting	31,477	34,624	10,387.20
Fort Washington	11,965	14,000	4,900.00
South Carolina	31,794,679	52,800,000	9,891,200.00
South Dakota	2,900,000	5,525,000	828,750.00
Tennessee	29,179,653	31,500,000	2,772,000.00
Memphis	7,000,000	7,500,000	975,000.00
Knoxville	656,214	750,000	26,250.00
Kingsport	110,561	135,000	34,750.00
Nashville	1,617,503	2,644,800	259,190.00
Texas	50,930,126	88,500,000	8,850,000.00
Austin	1,337,711	1,515,960	197,177.00
Dallas	3,787,408	4,700,000	569,466.00
El Paso	1,333,543	1,500,000	750,000.00
Corpus Christi	1,061,150	2,500,000	125,000.00
Houston	3,720,979	5,437,440	652,493.00
Fort Worth	1,090,532	1,658,432	331,686.40
Utah	4,095,241	4,259,050	468,495.00
Grant School District	603,000	660,000	6,600.00
Davis County	318,380	100,000	15,000.00
Vermont	1,454,000	1,900,000	600,000.00
Rutland	85,565	90,000	16,650.00
Virginia:			
Newport News	739,856	813,842	48,000.00
Arlington County	180,000	230,000	77,000.00
Fairfax County	476,989	524,688	5,246.88
Washington	10,245,426	12,593,000	2,668,000.00
Northshore School District	85,888	100,000	13,939.40
West Virginia	19,799,891	28,300,000	2,661,300.00
Wyoming	455,676	501,244	45,823.93
Wisconsin	7,427,518	9,900,000	1,435,500.00
ADDENDUM INFORMATION REVIEWED TOO LATE FOR TABULATION			
San Diego, Calif	2,147,260	2,301,000	345,150.00
Michigan	16,440,549	25,000,000	3,500,000.00
Caswell County, N.C	282,379	300,000	27,900.00
Sanderton, Pa	1,725	1,743	0

[1] Insufficient data.
[2] Lunches discontinued in elementary schools—high schools only.

CHART NO. 1

COMPARISON OF TENTATIVE ALLOCATIONS, GEORGIA—FISCAL YEARS 1970-72

	1970	1971	1972	Difference
Sec. 4	$7,583,774	$10,018,000	$9,792,918	−$225,972
Sec. 11	2,345,755	8,630,000	9,689,669	
Sec. 32	4,578,506	6,321,685	0	
Total	14,508,035	24,969,685	19,482,587	
Nonfood assistance	326,402	372,386	372,386	
Breakfast	280,291	466,563	740,020	[1] 36,304

[1] Projected deficit.

CHART NO. 2

PARTICIPATION DATA

	1969-70	1970-71	Projected 1971-72
Total lunches	146,452,482	152,055,403	157,784,940
Free and reduced	32,494,780	44,307,188	63,859,511
Average daily participation (percent)	79	83	
Free and reduced (percent)	22	29	

Senator HUMPHREY (presiding). I want to thank you on behalf of the committee, Miss Martin, for a very comprehensive statement and analysis of the proposed regulations as they affect the State of Georgia, and for your very constructive recommendations. There are a number of questions which Senator Talmadge was asking each of the witnesses, which I will take the liberty of asking you.

What rate of reimbursement were your schools receiving for free lunches at the end of the last school year?

Miss MARTIN. We were paying all schools 42 cents for free lunches at the end of the last school year. This was made possible after we received authority from the USDA in March.

Senator HUMPHREY. So, there were some bonus payments involved in that?

Miss MARTIN. Yes, sir. Well, we had restrictions on the last year's program because of the regulations known as the 12-cent rule, and those regulations were rescinded March 9, and we were permitted to do what should have been done at the beginning of the last school year.

Senator HUMPHREY. What rate of reimbursement did you expect that your schools would receive for free lunches during the 1971–72 school year?

Miss MARTIN. We projected 42 cents for free lunches.

Senator HUMPHREY. What rate of reimbursement will your schools receive under the new regulations?

Miss MARTIN. 36 cents.

Senator HUMPHREY. You will be down 6 cents from your projection?

Miss MARTIN. Yes, sir.

Senator HUMPHREY. What will be the degree of deficit on the basis of a 6-cent reduction? That is aggregate deficit?

Miss MARTIN. This will be approximately, if you take it on the basis of the aggregate deficit, 86 million.

Now, just as the Secretary and the Department wants us to have wise fiscal management, we study each school's operating practices

and the operating balance, and assign rates according to their needs; based on the actual needs of the schools in Georgia, and by assigning a lesser rate for reduced-price lunches, we would have a deficit of $4 million.

Senator HUMPHREY. Do you think that you operate an efficient program?

Miss MARTIN. We like to think that we do. We have an extensive training program. We emphasize high standards of management. We make food-cost analysis, labor-cost analysis. We provide the local school superintendent with this information, (a) on the individual schools in his school district, (b) on his school district, and (c) on the State in order that he may compare what is happening in his district with what is happening in other school districts throughout the State.

We are constantly making food cost analyses to determine what the food costs or the meal production costs are in Georgia: from this we can spot poor management practices, we work with schools to eliminate poor management practices rather than arbitrarily increasing levels of assistance.

Senator HUMPHREY. Do you think these new regulations will improve the fiscal management of your program?

Miss MARTIN. No, sir; I do not see how these regulations will help the Georgia food service program in any way. But, they will hurt. Yesterday I was talking with a school superintendent who said "we are going to continue the program as we had last year, but I do not know what will happen when we use up our reserves."

Senator HUMPHREY. Does your school system have any means of securing the funds needed to make up this deficit?

Miss MARTIN. No, sir. As I indicated, the State is already appropriating $3.2 million per year. Our Governor has just asked the State department of education to cut $5 million from its budget, and the tendency is to reduce State spending rather than to increase the spending. Local school systems are faced with the same problems. Going to the people for more revenue, and particularly at this time of year, it is very difficult because local school budgets were requested to be set and approved by July 1.

So, the budget is established for this year.

Senator HUMPHREY. Do you feel that you can carry out the requirements of the law to provide a free meal to every child who cannot afford to pay, under these regulations?

Miss MARTIN. No, sir; I do not.

Senator HUMPHREY. In other words, you are saying that these regulations do not phase into or tie in adequately with the requirements of the public law?

Miss MARTIN. No, sir. As the superintendent who called my office yesterday said, "We will have to change our free and reduced price lunch policy."

Senator HUMPHREY. Were you consulted on these regulations?

Miss MARTIN. No, sir; I was not consulted. However, the Department of Agriculture did have a representative group of school food service people in to advise during the latter part of March and the first 2 days of April of this year to talk about the regulations for this school year. And they made a very fine selection of people, and the committee came up with some excellent recommendations.

But, as Mr. Briggs has indicated, these regulations do not reflect the recommendations of that committee with, I believe, the one exception of rescinding the 12-cent rule.

Senator HUMPHREY. So, in other words, the advisory committee made recommendations, but the regulations that came from the Department do not reflect the counsel of the advisory committee?

Miss MARTIN. Yes, sir.

Senator HUMPHREY. Is that your statement?

Miss MARTIN. Yes, sir; and I did take a look at the recommendations of that committee 2 days ago, and I believe the only one was the rescinding of the 12-cent rule.

Senator HUMPHREY. Do you have a breakfast program?

Miss MARTIN. Yes, sir; we have a breakfast—we had breakfast programs in 150 schools last year. Maybe it was 146; one of our objectives in our State plan of operation this year was to double the school breakfast program. One hundred seventy-six schools have applied for the school breakfast program, and we have approved those applications, which means we will run out of money since we cannot use other resources to transfer into the school breakfast program.

We have been working with the Atlanta school people diligently for 2 or 3 years to try to get a breakfast program started in that city, and we are very hopeful that this year they have worked out a funding arrangement with another agency to take care of the labor costs. They mean to bring 5,000 or 6,000 children into the breakfast program, from Model Cities area. I simply do not have the heart to tell them now "you cannot be approved" when they have worked for a couple of years to get the breakfast program started. So, we will start because we believe, we have full faith that we will be able to implement 91–248 and 9232.

Senator HUMPHREY. Now, the administration requested $12 million for the breakfast program, and we increased that to $25 million. I offered some amendments here that provided for prepayment for the cost of the breakfast program, so we tried to remove some of the difficulties there for low-income areas. And they authorized then the Secretary to pay up to 100 percent of the operating cost of the program where there was severe need as compared, I believe, with 80 percent before.

So, we doubled the program, the amount of funds available, and actual appropriations were doubled. Is the Department of Agriculture telling you that they have doubled the program?

Miss MARTIN. Our allocation has increased—as shown on the chart—from $466,563 in 1971 to $720,000 in 1972.

Senator HUMPHREY. For this coming year?

Miss MARTIN. For this coming year. It would have more than doubled had not the $6.5 million been withheld. The first tentative allocation that we received did reflect more than $1 million, but we received a revised allocation after USDA withheld $6.5 million.

Senator HUMPHREY. Do you know why they withheld that? Did they give you any reason for it?

Miss MARTIN. It is my understanding that the appropriations bill—and I have not seen it—did instruct the Department of Agriculture to withhold $6.5 million from the allocation to make a study to determine the need for the breakfast program.

Senator HUMPHREY. So, there is a possibility that this could be reallocated?

Miss MARTIN. Yes, this is a possibility, except on September 1 we received a memorandum from the Department of Agriculture indicating that breakfast program expansion could take place only within the framework of the allocation that we had been given.

Senator HUMPHREY. Can you use section 32 funds this year for the breakfast program?

Miss MARTIN. No, sir. Under the present arrangement there is no arrangement to transfer section 32 for the breakfast program or for equipment uses.

Senator HUMPHREY. Is that by law or regulation?

Miss MARTIN. Well, I am reluctant to say it is by regulation. It is by silence on their method of apportioning the section 32 money. A State will only receive section 32 money for free and reduced-price lunches, sir.

Senator HUMPHREY. And not for breakfast?

Miss MARTIN. And not for breakfast, and a State will receive 30 cents from section 32 for each lunch served, and will not receive that until it has used up all of the section 11 money. Or there is, as I indicated earlier, a contradiction in the regulations which could or could not provide section 32.

Senator HUMPHREY. Finally, when did you get these regulations?

Miss MARTIN. Well, the proposed regulations were published on August 13, and a copy came to my desk, I believe it was on the following Monday, which would have been about August 16.

Senator HUMPHREY. When you expect regulations to come like this that would revise the program in this dimension?

Miss MARTIN. We would expect the regulations, or rather we need the regulations by May 1; on March 30 my State superintendent, the State superintendent from Florida, Larry Bartlett, the chairman of the State School Food Services, director, and I came to Washington with recommendations from eight chief school officers in Southern States, and at that time they asked the Department of Agriculture to promulgate regulations by May 1 that would affect us the following year.

Senator HUMPHREY. Thank you very much.

Senator Ellender.

Senator ELLENDER. Miss Martin, I am going to compliment you on your statement as usual, and you are very clear about it.

There is one question I would like to ask you: do you believe that these regulations were put into effect so as to curtail expenditures on the part of the Federal Government on this program?

Miss MARTIN. Yes, sir; I do.

Senator ELLENDER. Well, have you figured out the amount that they hope to save, or do you know? Have you got information on that subject?

Miss MARTIN. Well, I think that the figures, Senator Ellender, that Dr. Perryman used was somewhere between $150 million and $180 million, and that seems to be the shortage that the States are projecting.

Senator ELLENDER. Now, that amount that you speak of now has been provided for by Congress.

Miss MARTIN. Now, with the amount authorized under section 32 and the additional 878 million, I believe, in the appropriations act, it has almost been provided. I think with the carryover from the last year, which I do not know about——

Senator ELLENDER. Well, it is my understanding that the program presented and enacted by the Congress provides for sufficient amounts of money to carry out the program that you have been describing, and it is your feeling that these regulations will prevent all of the money being used as it is intended by Congress?

Miss MARTIN. Yes, sir. I think they will prevent the money from being used because there are many school districts with high operating costs that simply will get out of the business because they cannot operate for 35 cents per meal.

Senator ELLENDER. Is the State of Georgia contributing as much this year as it has?

Miss MARTIN. Yes, sir.

Senator ELLENDER. In the past?

Miss MARTIN. Yes, sir.

Senator ELLENDER. And the local communities as well?

Miss MARTIN. The local communities are actually putting more money into the school lunch program. One of the shortages we face, as Dr. Taylor faces also, is the withdrawal of title I moneys. We had about a million and a half title I moneys last year, and we have been advised that this cannot be used this school year. That million and a half in title I made it possible for schools to operate balanced programs at the beginning of the last school year, even though the rate of reimbursement was inadequate.

Senator ELLENDER. But both of us have been long connected with this program, as you know.

Miss MARTIN. Yes, sir; and we appreciate all you have done for us.

Senator ELLENDER. And I am sure that you are still of the opinion that a program of this kind is one that should be and must be carried on through its operations with the cooperation with the Federal Government with the local people.

Mr. MARTIN. Yes, sir.

Senator ELLENDER. Only then can you provide a good program. There is no doubt about that in mind, is there?

Miss MARTIN. No, sir. And, Senator Ellender, we were just so pleased that Public Law 91-248 carried the provisions that required State matching money. That was the first time, but Public Law 91-248, and as I recalled it, the discussions around that indicated that the Congress would not require local systems to match moneys for free and reduced-price lunches, so there were no matching requirements placed on the section 11 funds or breakfast funds, or nonfood assistance.

But, the matching requirements are on the general cash for food assistance funds.

Senator ELLENDER. Well, was it your belief before these regulations were promulgated that the amount of money provided by Congress, and that which was proposed to be furnished by the States would have been sufficient to carry on the program as Congress intended?

Miss MARTIN. With one exception, and that is that I could not understand how the same level of section 4 money could carry out the

program in 1971–72 that was needed for the program in 1970–71. We had approximately 2 million additional children that were being served in April of 1971 as compared to September of 1970, and then we would project probably a 9 or 10 percent increase this year. So, I really could not understand how you could make 225 million adequate for both years. But, I really felt that the Department of Agriculture had projected their section 32 request and their section 11 request on a reasonable level of funding that would permit us to continue the level of payments that we had last year.

Senator ELLENDER. Well, I do not know whether I can come back to the meeting this afternoon because I have quite a bit of other work to do, but we do have another appropriation coming in before the end of this year, the supplemental, and if it can be shown to be not a sufficient sum appropriated by the Congress, well, I am sure that we will be able to obtain it.

But, I want to be certain that the amount of money that we do obtain could do the job if administered according to the way the Congress intended, rather than these new rules and regulations. That is the point I would like to have thoroughly explained by the Department. If you have any more information to furnish on the subject it would be very helpful.

Miss MARTIN. All right, Senator. We appreciate your support as we always appreciate your support.

Senator HUMPHREY. I think we are all indebted to Senator Ellender for his prompt work on the Appropriations Committee this year which gave the school systems the means to do their job. This is the first time it has happened, and it is a remarkable achievement. Public recognition, Mr. Chairman.

Senator ELLENDER. Thank you. Thank you.

Senator HUMPHREY. Did you have any further comment?

Dr. PERRYMAN. Senator Humphrey, may I answer your question regarding Whittier, Calif.?

Senator HUMPHREY. Yes.

Dr. PERRYMAN. The school lunch program and the school milk program have both been eliminated completely on August 30 by a vote of 3 to 2 of the board of education, and so there are no school food service facilities available in that community at the present time at all. And, it has been one of the finest in the Nation.

Senator HUMPHREY. Well, as I have listened to the testimony this morning—we are going to have the Department of Agriculture here later on this afternoon—I began to think that this program of hot lunches has turned to cold promises, and I am very upset about it, I will tell you. I am burned up about it, to be honest about it.

When I go home to Minnesota and find out that we are going to be cleaned out of about $2 million of funds that we expected, to find out the Iron Range of my State up in Duluth, where they are having serious problems and have got a thousand people that were just laid off from the plant up there, where unemployment has skyrocketed, and where there are needy in substantial numbers, and then we find that our school program for feeding is going to be sharply reduced, it is outrageous, and I want the Department to know, and the people that are here, so that there will be no secrets. If you did not get enough money from the Congress, as Senator Ellender said, you should tell us.

And if you are being forced to pennypinch on the money you have, you should tell us.

And if there are some areas of these programs that need strengthening in terms of funding, we want to know about it, because it is the general view of this committee, that these programs should be properly funded and fully authorized.

So, you heard the chairman, Mr. Ellender, say that if the funds were not adequate, that we have a supplemental, and we want to know what funds are going to be needed.

We expected the Department of Agriculture to take seriously what the President said he was supposedly taking seriously; namely, that every child would have adequate food. I forget the beautiful rhetoric of that statement, but the general thrust of it was that there would be no hungry children, at least in our schools. Now, I expect the Department of Agriculture to come back here this afternoon, not only to attempt to justify what they have already proposed, but I want them to come back here and be interested in children. Do not worry about the Federal Government. The Government is here to serve the children and the other people. Let us find out how much we need to take care of the school feeding problem: breakfast and lunch, and in some areas where it is needed, the third meal. Let us find out what it takes. Let us come in here with some figures that show us what we need, and let us quit going around playing games with the appropriations we have through regulations.

And as I understand, these regulations prevent transferability that you had before. Well, I would like an explanation of that when the Department witness comes up here, because if transferability was good last year, it ought to be good this year. And, if the cost has gone up, what do you say the percentage cost has gone up?

Miss MARTIN. Overall costs increased and increases 5 percent each year, so the national average last year was 52.56. I suspect it will be 55 this year.

Senator HUMPHREY. So, about 5 percent?

Miss MARTIN. Yes, sir.

Senator HUMPHREY. I want to know if the Department has calculated the 5 percent figure in its estimate for the budget of this past year, and what it contemplated for the next budget.

Now, you can help us a great deal, by the way, with your association, to get these materials, because we are going to have a fight to the finish over school feeding. I want to warn all interested parties: we are going to either take out of the record what the President said, and the mandate that the Department of Agriculture was given or we are going to OK funds; one or the other. We are not going to have hypocrisy, because you cannot have the President of the United States say one thing and the Department of Agriculture mandating that every child be fed, and then come around with some kind of trickery and rules and regulations that do not provide for it.

Now, if the Congress is guilty because we did not appropriate the funds, then we have got to know that. And if the Congress did not appropriate the funds because the Department did not ask for them, we have got to know that. We need some help here, and with that we will conclude.

Dr. PERRYMAN. We have 50,000 members around the country to help.

Senator HUMPHREY. Help us out.

(Whereupon, at 12:40 p.m., the hearing was recessed to be resumed at 2 p.m. this day).

AFTERNOON SESSION

The CHAIRMAN. The committee will please come to order.

The last and final witness is Mr. Richard Lyng, Assistant Secretary of Agriculture, and he has several of his associates with him. If you will please have seats, you may proceed as you see fit, Mr. Secretary,

STATEMENT OF HON. RICHARD E. LYNG, ASSISTANT SECRETARY OF AGRICULTURE

Mr. LYNG. Mr. Chairman, I have with me today Miss Isabelle Kelley, who is Assistant Deputy Administrator for the Food and Nutrition Service and Mr. Ed Hekman, who is the Administrator of the Food and Nutrition Service.

We are pleased to meet with the committee today to discuss the amendments to the school lunch regulations we issued for public comment on August 13.

Those proposed amendments deal with the program's funding structure for 1972—specifically, with the method to be used to distribute the special section 32 funds to States.

The CHAIRMAN. Do you mind if I interrupt at that point?

Mr. LYNG. Not at all.

The CHAIRMAN. The amendments to the school lunch program were issued for public comment on August 13. Have you adopted them?

Mr. LYNG. We have not, Mr. Chairman.

The CHAIRMAN. It is proposed legislation?

Mr. LYNG. These are still proposed regulations.

The CHAIRMAN. No finality about them?

Mr. LYNG. Absolutely not, Mr. Chairman.

The CHAIRMAN. That is what I wanted to ascertain.

Excuse me for interrupting.

Mr. LYNG. Surely.

They represent our judgment as to the most effective and equitable way to distribute the school lunch funds made available in the Department's appropriation act for fiscal 1972.

Last year—the initial year of operation under Public Law 91–248—resulted in substantial program progress. In September of 1970, a total of 22.1 million children were being reached with a free or reduced-price lunch. By April 1971, 24.1 million children were being reached—up 9 percent over September. A total of 7.3 million children were being reached with a free or reduced-price lunch—up 82 percent over September.

The total number of school lunches served last year increased by 7.7 percent—from just over 3.5 billion in fiscal 1970 to just over 3.8 billion in 1972. But, there were substantial differences in growth rates among the States. In eight of the State agencies, the rate of increase was more than double the national rate, The growth rate was less than 5 percent in 23 States.

The number of free and reduced-price lunches served increased 35.6 percent last year—from 852 million in fiscal 1970 to one billion in fiscal 1971. Again, the growth rate varied among the States. In 10 of

the State agencies, the growth rate was more than double the national average. In contrast, 14 State agencies had a growth rate of less than 25 percent.

Last year's progress represented the combined work of local, State, and Federal governmental units, thousands of dedicated school officials, and concerned citizens—backed by the traditional combination of Federal, State, and local financial support.

There has been a sharp increase in Federal funding for cash assistance payments to schools. Between 1970 and 1971, direct appropriations under sections 4 and 11 of the act more than doubled.

In addition, in 1971, these direct appropriations were augmented by over $150 million in special section 32 funds—most of which was intended for free and reduced-price lunches. In 3 years, the amounts made available under section 4, section 11, and in special section 32 funds increased from $204 million in fiscal 1969 to just over $300 million in fiscal 1970, and to over double that amount in fiscal 1971.

States have raised a question as to whether part progress in the program can be maintained in 1972—much less additional progress obtained—under the funds requested and appropriated for 1972 and the funding structure outlined in the proposed regulations the Department issued on August 13. We believe that significant additional progress is possible.

First, there is an increase in the amount of Federal funds available to provide special assistance for free and reduced price lunches in 1972—about $78.8 million more than was spent in 1971.

Second, available funds will be distributed to States in better relationship to program growth in the various States. Thus, we can avoid the mid-year funding uncertainties of last year. At that time, fund shortages in some States were threatening the continuation of their programs while other States had millions of dollars in excess funds.

Third, for the first time in the history of the program—a State needing to expand its program to substantially more schools and substantially more children can do so within its available funds—without fear that such expansion will be at the expense of an unwarranted reduction in levels of assistance to already participating schools and children.

It is clear, Mr. Chairman, that some States do not understand the method we are proposing to use to distribute the available funds in 1972. We hope to clear up that misunderstanding in the course of this hearing.

The National School Lunch Act authorizes two annual appropriations for the program—one under section 4 of the act and one under section 11. The act also specifies exactly how each of these annual appropriations is to be apportioned among the States

Section 4 funds are apportioned among the States on the basis of the number of type A lunches previously served by each State and the relationship between each State's per capita income and the per capita income of the United States. For fiscal 1972, the apportionment formula uses the number of type A lunches served by each State 2 years ago—in fiscal 1970. Section 11 funds are apportioned on the basis of the relative number of school-age children in households with annual incomes below $4,000 that reside in each of the States.

The section 4 funds are used to help schools buy food for the lunches served to all children—to both children who pay the full price

price of the lunch and the children who receive free and reduced-price lunches.

The section 11 funds are used to provide additional special assistance for lunches served free or at a reduced price to children who meet a school's eligibility standards for such lunches.

Both the section 4 and 11 funds are actually disbursed to schools by the State on the basis of an assigned per lunch reimbursement rate. The section 4 rate is applied to all the lunches; the section 11 rate applies only to the free- and reduced-price lunches.

In the program regulations, the Department of Agriculture establishes maximum reimbursement rates that a State may pay under section 4 and section 11. Thus, the actual rates of assistance a State pays an individual school under section 4 or section 11 depend upon three factors: (1) The amount of funds made available to the State for section 4 and 11 purposes each fiscal year—the statewide average rate that can be financed; (2) the maximum per lunch rates of assistance authorized by the Department; and (3) how the State varies rates of assistance in accordance with the relative need of the individual schools, within that statewide average rate.

Many people first interpreted our proposed regulations as requiring a reduction in the maximum rates of assistance that were in effect during the last school year. This is not the case.

In the regulations we issued last September for the 1970-71 school year, the following maximum rates were authorized: 12 cents per lunch under section 4; 30 cents in addition for each free- and reduced-price lunch under section 11, with a proviso that the neediest schools could receive up to 60 cents for each free-and reduced-price lunch.

If a State determined that a school needed in excess of 30 cents for a free-and reduced-price lunch, our regulations require that such a school receive section 4 assistance at the maximum rate of 12 cents. The section 11 rate could then exceed 30 cents—up to a maximum of 48 cents—or a total of 60 cents in combined funds.

This latter proviso—called the 12-cent rule—met opposition among the States. They felt it endangered the total program because section 4 funds had to be diverted from the more affluent schools in order to pay 12 cents in section 4 funds to the neediest schools. They felt all the extra assistance for free and reduced-price lunches required by the neediest schools should be financed out of funds available for section 11 purposes.

Effective in February, we did, in effect, suspend the 12-cent rule. We allowed States to finance the required increase in section 4 rates for the neediest schools out of funds available for section 11 purposes.

The maximum rates of assistance we have authorized in the proposed regulations remain essentially unchanged from the 1970–71 rates. A State is still authorized to pay its neediest schools up to 60 cents for a free or reduced-price lunch. A maximum rate of 50 cents is proposed if the school is serving a significant number of reduced-price lunches because it would be receiving revenues from the reduced-price payments.

Our proposed amendments are concerned with the distribution of available funds among the States, with the average reimbursement to be paid on a statewide basis, not with the maximum rates.

The 1971 appropriation act contemplated a national average section 4 rate of 5 cents and a national average reimbursement rate of 30 cents in additional assistance for free and reduced-price lunches.

The following amounts were provided in the 1971 appropriation act to finance those contemplated rates: A direct appropriation of $225 million in section 4 funds and a direct appropriation of $204.7 in section 11 funds. The use of $154.7 million in special section 32 funds also was authorized in our appropriation act of 1971.

As I indicated earlier, the National School Lunch Act specified how the section 4 and section 11 funds are to be divided among the States. The use of the special section 32 funds is at the discretion of the Department but the appropriation act contemplated that most of the special section 32 funds would be used to supplement the section 11 appropriation for free and reduced-price lunches.

Without any experience on which to judge the impact of Public Law 91–248, the Department decided last year to use the special section 32 funds as follows:

The entire amount, $154.7 million, was apportioned to States under the section 11 apportionment formula. The section 11 formula was selected because most of these section 32 funds were expected to be used for section 11 purposes for free and reduced-price lunches.

We did give States flexibility in the use of these section 32 funds. In addition to using them for free and reduced-price lunches, they were authorized to use the funds to augment funds appropriated for the school breakfast program and the funds for equipment assistance for needy schools, especially for "no-program" needy schools.

However, as we gained operating experience under Public Law 91–248, it was apparent that the method of distributing the special section 32 funds was creating a problem. It did not put the funds in the States where they were most needed.

By January, some States were reporting that they would soon exhaust their funds; other States reported they had a surplus in funds. By mid-April, under the cumbersome and time-consuming reapportionment method, we were able to transfer over $30 million from States with a surplus to States with a deficit. But during the period we were effecting those fund transfers, the deficit States had to operate upon our assurance that we could obtain the release of funds from other States.

After this experience, we concluded that it would be in the best interest of all of the States if a method for distributing the available funds could be found that would better distribute the funds among the States in accordance with expected participation at the beginning of the school year.

This exploration led us to another conclusion; one that, in our view, represents a real breakthrough in school lunch financing. We concluded that we needed to go beyond the funding level planned in the 1972 appropriation—a national average reimbursement rate of 5 cents under section 4 and a national average rate of 30 cents under section 11. We felt the available section 32 funds should be used to guarantee each State that, no matter how much it expanded its program, it could be assured that it would be able to maintain a statewide average rate of 5 cents under section 4 and a statewide average rate of 30 cents under section 11.

This is the essence of our August 13 proposal.

Some States have interpreted our proposed regulation to require them to initially establish rates of assistance within the funds apportioned to them under section 4 and 11 of the Act. That is not the case. That would, in effect, cancel out our announced guarantee that no State will have to establish statewide average rates at less than 5 cents and 30 cents.

The regulations, as amended by our proposal, instruct States to establish rates "within the funds available" to the State agency. The funds available to a State agency in 1972 under the regulations are:

Its apportioned share of the $225 million appropriated for section 4, plus such amounts of special section 32 funds as the State needs to maintain a statewide average section 4 rate of 5 cents; and

Its apportioned share of the $237 million appropriated for section 11, plus such amounts of special section 32 funds as the State needs to maintain a statewide section 11 rate of 30 cents.

With program expansion in 1972, these 5-cent and 30-cent guarantees will use all of the special section 32 funds made available under our 1972 appropriation act.

Under our proposal, some States would be able to maintain statewide average rates in excess of 5 cents or 30 cents in 1972 out of their apportioned share of the direct appropriations for section 4 and section 11.

They would be able to pay those higher rates. They would not, of course, receive any section 32 funds to enable them to pay still higher rates. On the other hand, they would not be asked to release any of their apportioned funds for use by other States.

Some have interpreted our proposed regulations to mean that no school can receive more than 35 cents for a free or reduced-price lunch. That, too, is not the case. States can continue their past authority to vary rates among schools—paying above the statewide average rate to the needier schools and less than the statewide average rate to the more affluent schools.

We have a series of charts that summarize the impact of our proposed regulations on section 4 and section 11 funding.

This first chart shows the 1971 expenditures for section 4 and section 11 purposes and the amounts provided under our annual appropriation act for 1972 for these same purposes:

[in millions of dollars]

	1971	1972
Sec. 4 apportionment	225.0	225.0
Needy schools and children:		
Sec. 11 apportionment	203.8	237.0
Special sec. 32. To finance the 12 cent rule	20.8	
Free and reduced-price lunches	86.8	153.2
Subtotal	311.4	390.2
Grand total	536.4	615.2

As this chart indicates, the amount of money available for section 4 purposes in 1972 is the same as was appropriated in 1971—$225 million.

There is $78.8 million more available for special assistance for free and reduced-price lunches than was spent in 1971—$390.2 million compared to $311.4 million.

I might insert here in this testimony, Mr. Chairman, that in addition to that cash, we are spending money for the special milk program in the amount of $104 million in 1972, and I think nearly $300 million in commodities. The total in our child nutrition programs is $1 billion in 1972.

The second chart shows the statewide average section 4 rates that were paid out of the $225 million in 1971 by the 50 States and the District of Columbia; the projected average rates without our proposed change in the use of the special section 32 funds; and the projected average rates under our proposal:

	Number of States		
		1972	
	1971	Without revision	With revision
Statewide rate—Sec. 4:			
7 cents and above	6	2	2
6 to 6.9 cents	9	11	11
5 to 5.9 cents	22	21	38
4 to 4.9 cents	12	12	0
Below 4 cents	2	5	0
Total	51	51	51

In the absence of our proposed change, 17 States were faced with an average statewide section 4 rate of less than 5 cents and five of these were faced with an average rate of less than 3 cents. We are proposing to guarantee these States a statewide average rate of 5 cents.

The third chart shows the same information for the section 11 rates—the special assistance for free and reduced-price lunches: The average statewide payments out of the $311.4 million expended for this purpose in 1971; the projected rates that would have prevailed in 1972 if we had not proposed a change in the distribution of special section 32 funds; and the projected rates under our proposal.

	Number of States		
		1972	
	1971	Without revision	With revision
Statewide rate—Sec. 11:			
40 cents and above	11	15	0
35 to 39.9 cents	9	8	1
30 to 34.9 cents	15	9	50
25 to 29.9 cents	12	7	0
20 to 24.9 cents	2	9	0
Below 20 cents	2	3	0
Total	51	51	51

If we had continued last year's method of distributing the $153.2 million in special section 32 funds, and every State used all of its section 32 money for free and reduced-price lunches, the average rate

in seven States would have been between 25 and 29.9 cents. In an additional 12 States, the average rate could have been below 25 cents, and three of the 12 could have faced an average statewide rate of less than 20 cents for each free and reduced-price lunch.

Our proposal guarantees every State at least a minimum statewide rate of 30 cents for each free and reduced-price lunch.

It is true that a few fortunate States would have been able to pay higher rates of assistance under section 11 in 1972, if we had continued last year's method of distributing section 32 funds, But, these higher rates would have meant that up to 19 States would have a statewide average rate of less than 30 cents in 1972.

Before summarizing these proposals on the distribution of available funds, I want to comment on a second part of our August 13 proposals—those that affect the equipment assistance funds.

Section 5 of the Child Nutrition Act authorizes Federal equipment assistance for schools which draw their attendance from areas in which poor economic conditions exist—in short, needy schools. The funds can be used to help needy schools which have "no, or grossly inadequate" food service equipment.

In 1971, a total of $15 million was appropriated for this equipment assistance. But States elected to use substantial amounts of their special section 32 apportionment for equipment assistance last year. In total, reports from the States now show that a total fo $36.7 million was used for equipment assistance last year.

Our fourth chart shows the amounts used for equipment assistance for needy schools in 1970 and 1971. You will note that most of these funds went to schools that were already operating a food service.

There is no doubt that some already participating schools did have "grossly inadequate" equipment. But, we now believe greater emphasis should be placed on the use of these funds to bring needy "no-program" schools into the type A program.

We are holding equipment funds in 1972 to the $16.1 million authorized in our appropriation act. We have amended our regulations to place a positive obligation on States to seek out—and work with—needy "no-program" schools. And, we are proposing that at least half of each State's equipment funds be held in reserve for "no-program" schools until March 1—unless the State can demonstrate that the funds should be released for already participating schools at an earlier date.

Returning to our August 13 proposals on the distribution of cash assistance funds to the States, we would want to emphasize these points:

First, our proposals are not designed to save funds. We expect to spend all the funds authorized in our 1972 appropriation act.

Second, we have not reduced the maximum rates of assistance that were authorized for last year.

Third, we will be placing a floor under section 4 and section 11 rates on a statewide basis for the first time—a floor that is guaranteed no matter how much expansion a State is able to achieve.

Fourth, we do not believe that we should have continued a method of distributing available funds among the States which—because of the vagaries of statistical apportionment formulas—allowed some States a "funding feast" while other States suffered from a "funding famine."

Finally, we want to reemphasize that the National School Lunch Act contemplated that the funding of the program would be a joint Federal, State, and local responsibility. This principle was reaffirmed in the Public Law 91-248 amendments. One of those amendments required, beginning this fiscal year, that all States put State tax revenues into the program. State matching is required only for the funds made available under section 4 of the act. But, Public Law 91-248 requires States to distribute the matching State revenues they put into the program in a manner that concentrates their use on the financing of free and reduced-price lunches.

Mr. Chairman, that concludes my testimony.

The CHAIRMAN. Mr. Secretary, if things are so rosy in the school lunch program, why are 38 State administrators out of 43 opposed to them? That is the testimony we had this morning of the secretary of school food people, Dr. Perryman, I believe his name is, executive director of American School Food Services Association, Denver, Colo. You heard his statement. I believe he sent out an inquiry to all of the State administrators—43, as I recall, and 38 of those 43 had responded that they are very unhappy about these regulations.

Mr. LYNG. I think, Mr. Chairman, that the State people are generally dissatisfied with the amount of Federal funding. So I am not surprised that Dr. Perryman would find that 38 State directors would rather have more money.

I do think that there has been some misunderstanding on the part of some State school directors as to the regulations. This is the reason we put them out as proposed regulations—to get comment on them. We have had considerable comment.

The CHAIRMAN. Why did you wait until August 13 to put them out?

Mr. LYNG. We put them out, Mr. Chairman, about as soon as we could after the appropriation bill.

The bill was signed by the President on August 10. Actually, we made an unofficial announcement of them, as has been noted, in a talk that I made on August 3 to the American School Food Service people. That was just after the appropriation bill had been passed but prior to its being signed by the President.

The CHAIRMAN. Part of your statement, of course, points with pride to the vast amount of progress that was made in the program last year and I share that pride in the progress that was made. The Department pushed it energetically and, as you know, the law mandated every school system in the country to provide a free or reduced-price lunch to every needy individual in America.

The States and localities moved together forward to do that. And according to communications that I have had, not only from my own State, but others, these regulations will jerk the rug out from under them and they will not be able to do so.

How do you explain that? Why does Miss Martin say she got 42 cents last year and will not get but 35 cents this year, reimbursement?

Mr. LYNG. Well, as I pointed out in my testimony, there are some States that, because of the way the apportionment formula works out, actually did receive more than many other States. Those States had high participation, high relative participation in the period 2 years before—I think Georgia can be proud of her high participation rates.

The CHAIRMAN. We are. She has done an outstanding job and Georgia has pioneered in this school lunch program. But it seems to

me that those who have done a good job ought not to be penalized by the regulations.

Mr. LYNG. It certainly was not our intention to penalize any State, Mr. Chairman.

What we were trying to do is apportion the available funds in as fair a way as we possibly could. It did have the effect of reducing the payments to some States.

The CHAIRMAN. Let us see if we understand each other, now. We agree that this statute requires every school district to provide a free or reduced-price meal to the needy individual, is that correct?

Mr. LYNG. If they are going to participate in the national school lunch program, that is right.

The CHAIRMAN. I believe they are mandated to participate, are they not?

Mr. LYNG. No, they are not, sir.

The CHAIRMAN. It is still elective?

Mr. LYNG. Yes, sir.

The CHAIRMAN. Most of them have elected to participate?

Mr. LYNG. Yes.

The CHAIRMAN. And if they do, they must provide a free or reduced-price lunch to every needy individual.

Mr. LYNG. That is correct.

The CHAIRMAN. And for the first time, the States must make contribution?

Mr. LYNG. That is correct.

The CHAIRMAN. Assuming every district in the country elects to participate, has the Congress appropriated available funds to do the job?

Do you have all the money you need for this fiscal year? That is what I am trying to ask.

Mr. LYNG. Not sufficient, Mr. Chairman, to pay the full cost of the lunch.

It is just a question of what the reimbursement rate would be. We have sufficient funds, we think, to have a reimbursement rate of 30 cents for free and reduced-price lunches, plus 5 cents for all lunches. This gets to the very root of the issue, it seems to me. Those who oppose the regulations have made it quite clear that they do not think this is a sufficient amount of Federal funding of these lunches.

The CHAIRMAN. Now, you requested, I believe, for this fiscal year, a total appropriation of $581,435,000, did you not, for the school lunch program?

Mr. LYNG. That is correct, yes.

The CHAIRMAN. As a budgetary request, as I recall.

Mr. LYNG. Yes.

The CHAIRMAN. Now, Congress increased this amount, as I recall, to $615,200,000 more than you request. Is that not correct?

Mr. LYNG. Yes, the Congress transferred from section 32 commodities to section 32 cash grants $33 million. This brought it up to $615 million.

The CHAIRMAN. Now, is there any problem about having adequate funds to do the job, to provide this free or reduced-price lunch?

What I am trying to get at is, if you do not have the money, there is the chairman of the Appropriations Committee sitting right there. He has been daddy of this school lunch program. He is just as much

interested in it as the rest of us are and I am sure the committee and the Congress would be sympathetic. I want to find out what is pinching the foot. If it is regulations that are impeding this program, we want the regulations changed. If the Congress has not done their job and provided adequate money, I feel that the Congress will respond.

Now, what is necessary to get the program moving?

Mr. LYNG. Well, Mr. Chairman, it is a matter of opinion, I presume, of what the Federal role should be in these programs. The administration, in its proposed budget, contemplated that this program would be one of sharing between Federal, State, and local sources.

The CHAIRMAN. But the act states how much contribution the States have to make, Mr. Secretary.

Mr. LYNG. This is true, Mr. Chairman, and it speaks to the fact, really, that over the years, the States have in most or many instances made little or no contribution. It has been generally a Federal appropriation.

The CHAIRMAN. I agree with that. My State, I think, appropriated three or four times what the act mandated them to do. They are very proud of the program there and they want to go forward. Now your regulations say you are doing a fine job, but last year we gave you 42 cents a lunch and this year we are not going to give you but 35. The inflationary spiral has been 5 to 10 percent, so you are reducing the price, so they cannot go forward. What are we going to do about it?

Mr. LYNG. Well, there is some question of the actual apportionment in Georgia. I am not absolutely sure that it is correct that it would be a maximum of 35.

Would you say that is the way it will work out, Miss Kelley?

STATEMENT OF ISABELLE M. KELLEY, ASSISTANT DEPUTY ADMINISTRATOR, FOOD AND NUTRITION SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Miss KELLEY. I think it would be somewhat over 35, because Georgia will have in excess of a 6-cent rate on section 4. They can fund that out of their apportionment.

Mr. LYNG. Because their apportionment of section 4 would be high enough. But it would still be less than it was last year?

Miss KELLEY. Absolutely, yes.

The CHAIRMAN. What was it last year?

Miss KELLEY. Our data shows for Georgia that section 4—this is out of the apportionment of $225 million—Georgia paid an average rate of 6.8 cents. For all of the funds that were used for free and reduced-price lunches for the year as a whole, it averaged 31.7 cents.

The CHAIRMAN. Let me see if I understand you. Miss Martin stated that last year we received about 42 cents for each free and reduced price lunch. This year the regulations cut that to 35. Is that right or not?

Mr. LYNG. That is not correct. We guaranteed that there would be a minimum of 5 cents on a statewide average in all States, but it could be higher than that, based upon the apportionment of section 4 and section 11, if that is high enough. Now, the actual practical effect of our regulations would reduce Georgia probably to something in the area, and this would be a ball park figure, of 36 to 37 cents, simply because——

The CHAIRMAN. Let's see if we can understand each other. I see Miss Martin back there.

Would you step up here now?

What is your version of it? This seems to be the nub of the issue there. You have the appointee saying one thing and the State administrator saying something else.

Miss MARTIN. Senator, as I calculate, when we project the number of lunches to be served this year, we would have approximately 5.9 cents from section 4 funds. If I understand the regulations correctly, we would have a base of something like 32 million free and reduced-price lunches. This base is arrived at by dividing the total amount of section 11 money allocated to Georgia earned under the formula by 30 cents. That would give us a base.

Then, for each free and reduced-price lunch served in addition to the base, we might be eligible for section 32 funds.

Is this correct?

Miss KELLEY. You would be eligible, yes.

Miss MARTIN. So under no circumstances could we have more than 30 cents for free and reduced-price lunches and we would have, because we are a low-capita income State, 5.9 cents under section 4 based on the projected and total number of meals we expect to serve this year.

Is this correct?

Miss KELLEY. Yes, I would assume that your section 4 rate would be someplace in the area of 6 cents.

Mr. LYNG. 5.9 or 6 cents.

Miss KELLEY. And 30 cents for free meals.

Miss MARTIN. We have gotten a little better off in the last couple of years so our assistance need rate decreased from 6.1 last year to about 5.9.

Miss KELLEY. I am looking at just your projection of total lunches divided into the apportionment. It is someplace around 6 cents or—30, plus 6, to make 36.

The CHAIRMAN. What is your total meal——

Miss MARTIN. This year we will be able to pay no more than an average of 36 cents. If our total participation were to increase, then the 6 cents would be diluted down to 5 cents. The USDA has established a base of 193 million meals for Georgia. We will not earn additional money for section 4 purposes until we have exceeded that base of 193-plus million meals, which is impossible for us to do.

The CHAIRMAN. What did we get last year?

Miss MARTIN. We served 152 million meals, I believe.

Miss KELLEY. 146 million.

Miss MARTIN. Oh, last year—you have it. We had 6.8 cents per meal last year from section 4 money.

The CHAIRMAN. What was the total?

Miss MARTIN. The last month of the year we reimbursed 42 cents for free and reduced-price lunches. Prior to that time, we did not reimburse that high because we had restrictive regulations that did not permit the higher reimbursement.

The CHAIRMAN. In other words, what you are saying then is you have tried to do a good job, you have expanded the program, the cost of food has gone up, the Federal reimbursement will be less?

Miss MARTIN. Yes, sir.

The CHAIRMAN. How much have meals gone up in Georgia?

Miss MARTIN. We spent 44.4 cents per meal last year. We expect a 5-percent increase in that this year, which would make it around 46½ cents this year. We get 2 cents State money, so we would need something in the neighborhood of 44 cents for each free and reduced-price lunch.

In addition to that, we have lost our title I money that we had in the lunch program last year.

The CHAIRMAN. So the meals will be greater and the funds will be less?

Miss MARTIN. Unequivocally.

The CHAIRMAN. That is the point I was trying to make.

Senator CURTIS. May I ask a question right there? How much less will it be in dollars?

How much did you get last school year and how much do you anticipate this year?

Miss MARTIN. There is a chart that was attached to the back of my statement. This will be approximately four and a half million dollars less apportioned to the State.

Now, here again, there is a conflict in the regulations. I think the Department intends to pay 30 cents for all free and reduced-price lunches. However, we have only had a tentative allocation for $19.4 million as compared to an allocation last year of $24.9 million, which is $4.5 million less that we know right now we are going to get.

Senator CURTIS. But that is not final?

Miss MARTIN. No, sir; but this is one of the problems. You know, we do not know what we are going to get.

Mr. LYNG. The $19 million that Miss Martin is referring to is the total of section 4 and section 11 funds. Our estimate would be that Georgia would receive $9.6 million in section 32 funds, making a total for this fiscal year of $29.0 million compared to roughly $25 million, or $24.9 last year, or an increase actually, of about $4 million. This is using the State's estimate of participation of free and reduced-price lunches at 30 cents.

Senator CURTIS. If your estimate is half right on the 32 funds, Georgia would get about the same amount of money as they got last year, because one of you says it is about $4 million below and the other about $4 million above.

Miss MARTIN. The Secretary has said that for each free lunch that we serve this year, we would get 30 cents and it would requrie a total of $19.2 million to do this, which would be $9.6 million more than we have apportioned. But that would be at the rate of 30 cents, which is inadequate to sustain the school lunch program that we had in operation in April or May.

Senator ELLENDER. Why?

The CHAIRMAN. What you are saying is you cannot provide the lunch at that cost.

Senator ELLENDER. That is because of high cost?

Miss MARTIN. Yes, sir.

The CHAIRMAN. Last year you spent 44 cents for each meal, did you say?

Miss MARTIN. Yes, sir.

The CHAIRMAN. This year you anticipate it will cost about 49 cents?

Miss MARTIN. Forty-six or forty-seven.

The CHAIRMAN. So the reduced rate will put you out of business in a hurry, will it not?

Miss MARTIN. Yes, sir.

Mr. LYNG. To put this in perspective, sir, I think we should point out it is more than 30 cents. We are putting in 30 cents plus 5 cents for all lunches, which is 35, plus about 7 cents in commodities, or about 42 cents in total.

We have offered to do this regardless of how many lunches they serve in the State of Georgia.

The $9 million is a projection of 63 million free and reduced-price lunches, which is a substantial increase over last year. Based on last year's figures of 44 million, that would be cut down to about $6 million—roughly $6 million—in which case with the same number of free and reduced-price lunches being served as were served last year, Georgia would still be gaining about a million dollars in Federal funds.

The figures that Miss Martin is comparing with 42 cents, as she has pointed out, were not average figures for the year, they are the figures during the last couple of months of the year.

I think an average figure on an average basis would be lower than that.

Miss MARTIN. Unequivocally lower, but we had many schools ending up the year with a deficit and many schools would probably have closed their lunch program in late March or early April had you not given us the authority to go higher.

I think it is unfortunate that we are looking at average rates of reimbursement for the 1970–71 school year.

The averages should have been based, in my judgment, on April and May, because this was the time when the States could really pay the local school districts the amount of money they needed to fulfill the commitment to hungry children.

Senator ELLENDER. Mr. Chairman, I wonder if we could find out from Miss Kelley how much more money you have appropriated for this program for 1971–72.

Mr. LYNG. The total program for cash grants, the increase was $78.8 million.

Senator ELLENDER. That is increase?

Mr. LYNG. Yes.

Senator ELLENDER. What about commodities? Food?

Mr. LYNG. Commodity estimate would be about the same, not much of an increase. We had an increase there but the Congress transferred it to cash grants in the amount of $33 million. I think it is slightly higher in commodities this year.

Senator ELLENDER. It has been stated that the reason why these regulations were promulgated was that it was done in order to save funds. Now, you deny that.

Mr. LYNG. Yes, sir.

Mr. Chairman, I do deny that charge. We did not do this to reduce expenditures.

Senator ELLENDER. It has been said this morning by some that that was the purpose of the promulgation of these rules and regulations, to save funds appropriated by Congress.

Mr. LYNG. I am afraid I must disagree with that statement.

Senator ELLENDER. Well, you expect under the formula that we have just been talking about, the change that has been made, you then expect to spend all of the funds appropriated?

Mr. LYNG. We do, Senator.

Senator ELLENDER. Now, who is at fault if there is a shortage of money as has been alleged by Miss Martin?

Mr. LYNG. Well, if there is an insufficient amount of money in our appropriation, I presume that inasmuch as the Congress appropriated the amount that the administration requested, and as a matter of fact, added thereto——

Senator ELLENDER. Added to it.

Mr. LYNG. Then you can blame the administration for failure to request a sufficient amount, if there is to be blame placed.

I would point out that in the period from fiscal 1968 to fiscal 1972, Federal appropriations for free and reduced-price lunches has gone up almost a hundredfold, from about $4 million in Federal grants for free and reduced-price lunches to nearly $400 in this fiscal year. With the total expenditures on food programs, and I think we should not lose sight of the fact that we also have food stamps and commodity distribution for needy families, the total appropriations now for expenditure by Mr. Hekman's Food and Nutrition Service this fiscal year will exceed $3.5 billion.

That compares to about $800 million plus about a fourth that amount, in fiscal 1969.

So, Mr. Chairman, we have made some vast increases here.

Senator ELLENDER. I understand that, but we are not talking about the food stamp program. Let's not mix all these other moneys that are being provided. What I would like to know is how much more money, Federal money, would you require to meet this program under the new rules and regulations as you promulgated them?

Mr. LYNG. Well, one of the witnesses this morning, Mr. Clapp, suggested that the Federal Government should pay the total cost.

Senator ELLENDER. Of what, the program?

Mr. LYNG. Of the program. If we were to do that, it would cost about $4 billion, so we would be about $3 billion short.

Senator ELLENDER. Well, I think the real advocates of the school lunch program want this to continue on a cooperative basis. That is my position, has been my position since we started this program back in 1946. I think the reason why this program was a success was because it was done on a cooperative basis with the local people putting in and contributing and then counties, the parishes, State, and the Federal Government can put up its share.

As I recall the program, the Federal Government put up at the beginning around 25 percent and it grew from that amount. Now it is what, of the entire cost of the school lunch program? What percentage is now being paid by the Federal Government?

Mr. LYNG. About a third.

Senator ELLENDER. And that is an increase of 8 percent in the last 10 years?

Mr. LYNG. Yes.

I think that actually, our participation rate has not gone up as fast as the cost of lunches for everyone, but in the area of free and reduced-price lunches, it has gone up a good deal faster. So we are paying a much bigger share, of the free and reduced-price lunches than we are the lunches to nonneedy children.

Senator ELLENDER. In putting this to the budget committee, did you take into consideration these increases that have occurred and will occur in the future as to the cost of these lunches?

Mr. LYNG, Yes, Mr. Chairman; we did.

Senator ELLENDER. Why is it you fell short? Were there more lunches provided or has the cost gone up, or what?

Mr. LYNG. We have had an increase in the program, Mr. Chairman, We do not think we are falling short this year, What we are now doing is that for this school year we are defining the rate of reimbursement, Some people are finding it insufficient, They would like it to be higher.

If we were to just take the free and reduced-lunch section and were to pay the full cost of that, I presume it would be something close to double the amount of money we now have on a national basis for free and reduced-price lunches.

Senator ELLENDER, Under the program now provided, does the law now giving authority for this program, would you be able to state to us now or in the near future what additional funds are required from the Federal Government in order to carry that program on in view of the rise in the cost of these food programs? In other words, what I am saying is we do not want to increase the percentage amount, but in order to carry on the program as we, as it is now in the statute books, how many more funds will be required to meet the requirements under the present law?

Mr. LYNG. We think, Senator, that the present appropriation will carry on the school lunch program in accordance with the law. It may not be satisfactory to the school lunch directors in 38 States, but it will carry on the program.

Senator ELLENDER, Is it your view that they expect the Government to put up more money and less on the part of the States? Is that it?

Mr. LYNG. Yes, I am sure that this is what many of these 38 school lunch directors would prefer. And with some reason. They are having a great deal of difficulty in getting money at home in local school districts or from the States.

Senator ELLENDER. Now, you are making the statement to us, then, that in order to carry out the program as contemplated by Congress, you now have enough funds?

Mr. LYNG. Yes, sir, I think we do.

Senator ELLENDER, And if the States and the local communities follow through with their share of what Congress contemplated, why, this program could be carried on as provided by the law?

Mr. LYNG. Yes.

Senator ELLENDER, Well, that is one point, Mr. Chairman, that we will have to develop.

The CHAIRMAN. Senator Aiken?

Senator AIKEN. Mr. Lyng, I notice there is quite a variation in the cost of school lunches among the different States. To what is that variation due? Is it the cost of the foods, the costs of supervision, the costs of preparing and serving, or what creates that considerable variation?

Mr. LYNG. I understand it is a number of different things. The cost of the raw food product does not vary tremendously but the cost of labor in preparation and delivery can vary a great deal, particularly in some of the urban areas.

The costs of delivering food service, taking the raw food product and converting it into a school lunch can be very high.

Admittedly, there is some saving, too, in the raw product, just the freight saving of getting it from the rural areas to urban areas. But I think the labor cost is the major variable.

Miss Martin, who is an expert in this field, knows better than I what the cost variations would be.

Senator AIKEN. But the increased cost has not come entirely in the urban areas, has it?

Mr. LYNG. I think generally the higher costs are in the urban areas or those areas of the country in which wages and salaries tend to be high.

Senator AIKEN. And administrative cost, that is allowable?

Mr. LYNG. That is another factor and there are various ways of accounting for administrative expenses, what is included, the allocation of administrative overhead and this sort of thing.

Senator AIKEN. What has been the effect of the increase in the consolidation of schools and the great increase in busing of scholars on the cost of the school lunch programs, has there been any?

Mr. LYNG. I am afraid I could not comment on that. Perhaps Miss Kelley or Mr. Hekman could.

Senator AIKEN. What do you think?

Miss KELLEY. I think it might increase it or decrease it, sir.

To the extent that it enlarged the operation and you got economies of scale, you might better utilize your labor.

On the other hand, there might be other situations where this consolidation might mean that you would have to bring more prepared meals into the school and increase the cost. I doubt that there is a generalization on that score, sir.

Senator AIKEN. Well, does the consolidation of school result in higher participation in the school lunches?

Miss KELLEY. I am not sure that we have information that would show that.

Senator AIKEN. What you are saying, you could feed 500 scholars at a lower per capita cost than you could feed 25, probably, is that right?

Miss KELLEY. I think there are economies of scale.

Senator AIKEN. I do not want to take up any more time, Mr. Chairman. I do think there is quite a lot to learn about the operation of this program in the different States and I do not think the time has come when we can simply turn funds over to the State administration, to the local administrations, without the Federal supervision and guidance which I feel is necessary.

The CHAIRMAN. Senator Allen?

Senator ALLEN. Thank you, Mr. Chairman.

Mr. Lyng, I believe you appeared before our committee in connection with the school lunch bills earlier this year, did you not?

Mr. LYNG. Yes, I did, Senator Allen.

Senator ALLEN. I believe at that time you stated that the amount of money requested by the Administration would be sufficient to finance the program.

Mr. LYNG. Yes, based upon the degree of Federal participation that we have contemplated, yes, I did, sir.

Senator ALLEN. The Department felt that the dipping into the section 32 funds was not necessary or advisable?

Mr. LYNG. That is true Senator, when I appeared before the committee of which you are chairman, that was on a supplemental appropriation of section 32 funds for fiscal 1971.

Senator ALLEN. Yes, sir.

Mr. LYNG. Your recollection is correct, I testified that we did not need the money contemplated, and as it turned out, we were able, by reallocating money from those States that did not spend it all, to reallocate some $30 million and were thereby able to get through the year without the use of those funds.

Senator ALLEN. Well, now, as to the current fiscal year there, you will use all of the section 32 funds that were appropriated, is that correct?

Mr. LYNG. Yes, we expect to use all of those in the regular section 32 appropriation.

Senator ALLEN. Yes, and that will not be sufficient to adequately finance the program, the money that has been made available?

Mr. LYNG. This becomes a question of opinion, sir. It will be adequate to finance the program at the rates that we have projected of 5 and 30 cents.

Senator ALLEN. Well, now, on the section 4 funds under the old regulations, was not 12 cents per lunch allocated or reimbursed for section 4 funds?

Mr. LYNG. No, Senator. That 12 cent figure was only an amount that we set in what we called the "12 cent rule"—an amount that the school must use for section 4 before they could use additional section 32 funds; for free and reduced price lunches above 30 cents per lunch.

Senator ALLEN. Yes.

Mr. LYNG. But the average section 4 figures were about 5½ cents.

Miss KELLEY. Five cents or less in the past 10 years.

Mr. LYNG. Over the past 10 years, they have been five cents or less until last year. Then last year they exceeded 5 cents slightly.

Senator ALLEN. You have here the 30 cents and the 5 cents, the 5 cents under section 4 and the 30 cents under section 11. That is to be allocated among the States on a statewide basis; is that not correct?

Mr. LYNG. Yes. This is an average figure, averaged on a statewide basis. The States may vary it within the States.

Senator ALLEN. So that if a State wanted to, then, they could, as to some schools, give 40 or 45 cents per meal, and that would accordingly reduce the amount received by other students.

Mr. LYNG. That is correct.

Senator ALLEN. Then that would not guarantee 35 cents per meal to each school system?

Mr. LYNG. That is right, Senator.

Senator ALLEN. And to each schoolchild?

Mr. LYNG. Yes.

Senator ALLEN. Well, now, when you speak of 30 cents in addition to section 4 funds for each free and reduced-price lunch, what would constitute a reduced-price lunch? In other words, if 15 cents were knocked off of the price of a lunch, would the Government be required to put up 30 cents to supplement that or replace that 15 cents?

Mr. LYNG. The law spells out, defines a reduced-price lunch as one that costs 20 cents or less to the participant. So anything less than 20 cents is a reduced-price lunch. So they could charge, for example, 20

cents for a reduced-price lunch. We would then be paying 35 cents in cash plus commodities.

Senator ALLEN. Well, under those circumstances, then, the system would get 50 cents; is that correct?

Mr. LYNG. The system would get 55 cents plus commodities.

Senator ALLEN. 50 cents under section 11; yes.

Mr. LYNG. That is correct.

Senator ALLEN. 30 cents and then the 20 cents.

Mr. LYNG. That is correct.

Senator ALLEN. Now, you speak of guaranteeing this amount, 35 cents total, on a statewide basis, to all school systems in any particular State. Now, that is based on the Department's projections of the possible expansion of the program.

Mr. LYNG. Yes; that is correct.

Senator ALLEN. Yet I heard you say that irrespective of the expansion of the lunch program, you would have 35 cents per meal; is that correct?

Mr. LYNG. Yes.

Senator ALLEN. What expansion have you projected, then?

Mr. LYNG. It is a substantial figure. I do not have the comparison of numbers of participation at the tip of my tongue. I will be happy to submit that for the record.

Senator ALLEN. I wish you would.

(The information is as follows:)

SCHOOL LUNCH PROGRAM—NUMBER OF LUNCHES SERVED, TOTAL AND FREE AND REDUCED PRICE

	Total lunch (million)	Percent increase prior year	Free and reduced price (million)	Percent used over prior year
Fiscal year:				
1968	3,217.9	+2.3	417.1	+8.4
1969	3,368.2	+4.7	507.7	+21.7
1970	3,565.1	+5.8	738.5	+45.5
1971	3,841.2	+7.7	1,001.4	+35.6
1972	4,335.8	+12.9	1,364.1	+36.2

Note: The fiscal year 1972 data are based upon the number of lunches that could be served in 1972 if States maintain the program levels reached in the spring of 1971 and expand the program into additional schools in fiscal 1972.

Senator ALLEN. Now, the escalation in the program, the number of children being covered or receiving lunches, both paid for and at a free or reduced rate basis, has been much higher than the administration or the Department contemplated through the years, is that correct?

Mr. LYNG. Actually, we did not get quite the increase in participation last year that we had anticipated. As a matter of fact, this is one of the reasons that the per lunch payment of Federal funds came out as large as it did in some localities. Where we had allocated a block of funds, if there was no increase in participation, they had more cents per lunch served.

I do not think we have underestimated it, Senator. I think actually we have been hopeful that participation, particularly in the total program, would go up faster than it has.

Senator ALLEN. Well, now, has there been an increase on the part of the Department in amounts paid per meal or allocated to the States on a per meal basis?

Mr. LYNG. Only slightly last year, there was an increase. Prior to that time, it remained, I think, relatively constant for a number of years.

Senator ALLEN. In other words, the forces of inflation, then, would have to be contained or absorbed by the States and local systems under the theory of the Department, is that correct?

Mr. LYNG. There has been a sharing, but there is no question about it that the increased cost of school lunches has created a burden for local and State sources.

Senator ALLEN. And it has not been the theory of the Department that it would share in this inflationary escalation or spiral?

Mr. LYNG. Well, we have made an effort, Senator, to increase our participation rate and to share in it; yes.

It would be incorrect to say that we felt that the full burden of the inflationary increases should be borne by others.

Senator ALLEN. Well, what was it last year, then, for a meal for free and reduced price lunches?

Mr. LYNG. The annual nationwide average is 31.1 cents in section 11.

Senator ALLEN. All right, under section 4, then?

Mr. LYNG. The annual national average was 5.9 cents. That was the highest it had ever been.

Senator ALLEN. Well, taken together, then.

The CHAIRMAN. And section 32.

Senator ALLEN. What about section 32, then?

Mr. LYNG. Section 32 is included in the 31 cents. That is a combination of sections 11 and 32.

Senator ALLEN. That would be more last year than this year?

Mr. LYNG. On an average basis, it might be slightly more, yes; that is correct.

Senator ALLEN. I believe you said 31 cents was under section 11?

Mr. LYNG. 31.1 cents.

Senator ALLEN. Then under section 4?

Mr. LYNG. 5.9.

Senator ALLEN. That is 37 cents, then, is it not, as against 35 cents proposed for this year?

Mr. LYNG. The 35 cents, Senator, is a minimum figure that we are guaranteeing as a State average. We think that the full figure will be higher than that because, as we have discussed in the case of Georgia, the section 4 figure there will perhaps be 5.9 for the coming year. There will be other States that will receive more than the minimum. So it should be something between the 35 and the 37 cents.

Senator ALLEN. That is, if more do not participate, more systems do not participate, then it could be just the 35 cents?

Mr. LYNG. The more that participate, the lower the average probably would be, particularly if we get increased participation in those States that have high section 4 allotments. However, in any case, it should remain above the 35 cents total.

Senator ALLEN. If there is more escalation in the use of the free lunch program and there is not sufficient funds to provide the 35 cents, would it be the policy of the Department to come back and ask for deficiency appropriation, supplemental appropriation?

Mr. LYNG. We would have no alternative, Senator, but to do that, in my opinion. It would be absolutely essential that if it appeared

that the participation rate so far exceeded our estimate that we were going beyond our appropriation, we would have to, of course, come to the Congress and ask for additional funds.

Senator ALLEN. Well, now, what about the school breakfast program? Is that being escalated throughout the country?

Mr. LYNG. Not heavily. The budget for a school breakfast program is a much more modest program than the school lunch. The total Federal funding on school breakfast this year will be—is $25 million in the appropriation, I believe. That compares with $12 million in the appropriation last year and then we permitted some section 32 transfers last year, which made the program about $20 million. This year, with a program of perhaps a maximum of $28 million, it will be able to provide only for an annualization of the breakfast program as it existed toward the end of the last school year.

Senator ALLEN. Well, are any funds being held back for that program?

Mr. LYNG. In the Appropriations Act, as I recall, it is spelled out that $6.5 million would be held back from the apportionment in order to take care of needs. There are no funds being held back by the administration.

Senator ALLEN. I see.

Well, now, as I understand the position of the Department, and I assume the administration, it is your policy to provide the 35 cents per meal for the free and reduced price lunches and you take the position that anything to supplement that should come from the local governments, is that correct? This is as far as you want to go?

Mr. LYNG. Yes, that is our proposal. That is the figure that we have in these proposed regulations, Senator; yes.

Senator ALLEN. Well, you would not look with favor, then, upon having a larger appropriation so that a larger basic amount could be allocated by the Government to the States?

Mr. LYNG. Senator, it would certainly make my life a good deal more pleasant these days if we had a lot more money in that program, so my personal view might be that it would be very nice to be able to give the States and the local school districts a lot more money. But as you can perhaps imagine, the needs for funds in this whole nutrition area are great. And within the framework of overall priorities, this is the amount that we have available.

Actually, the 30- and 35-cent figure is a way, a proposed way, of allocating the resources we have available this year in the Appropriations Act.

Senator ALLEN. Well, now, is this not essentially a form of revenue-sharing on the part of the Federal Government with the local government?

Mr. LYNG. It is a grant. In that sense, it is; yes.

Senator ALLEN. Can you think of any use to which shared funds might be put that would be better than providing lunches for needy children?

Mr. LYNG. Well, I work very closely with this program, Senator, so I have to give it a very high priority. But there is a tendency for all of us to think the programs with which we are most involved have the highest priority. Others set the priorities.

Senator ALLEN. Well, the administration is committed to the concept of revenue-sharing.

Mr. LYNG. That is true.

Senator ALLEN. I believe that is all, thank you very much.

The CHAIRMAN. Senator Curtis?

Senator CURTIS. Mr. Secretary, the problem before us today has raised a number of questions. I think your statement has been most helpful.

I would like to make sure that I understand the charts that you presented. Chart No. 1. I understand that for the last school year, the grand total made available for the Federal Government was $536.4 million, is that correct?

Mr. LYNG. That is correct, that is the grand total made available in cash grants to the States for school lunch. In addition to this would be other programs—the commodity programs, the special school milk program of a hundred million dollars——

Senator CURTIS. In the second column, for this school year, that figure is raised to $615.2 million, is that right?

Mr. LYNG. That is correct.

Senator CURTIS. Is that the cash figure?

Mr. LYNG. That is again the cash figure.

Senator CURTIS. Will the commodities be any less than they were?

Mr. LYNG. No, they will be no less.

Senator CURTIS. Now, does the Department expect to make full use of the entire $615.2 million?

Mr. LYNG. Yes, we certainly do.

Senator CURTIS. Is there any part of it being impounded by the Department of Agriculture?

Mr. LYNG. No, there is none.

Senator CURTIS. Is there any of it that is withheld by the Office of Management and Budget.

Mr. LYNG. No, there is nothing being withheld by the Office of Management and Budget.

Senator CURTIS. Now, I have some questions about chart No. 3. As I view the second column, if you had not issued a new regulation, there would be 15 States where they were spending more than 40 cents or more for a lunch that would have fared better if you had not made the proposal, is that right?

Mr. LYNG. There would have been 15 States which would have received 40 cents or above had we stayed with the previous system, so they surely would have fared better, yes.

Senator CURTIS. And eight States that were spending from 35 cents to 39.9 would have fared better if you had not made any such regulation?

Mr. LYNG. Yes; there will still be one State, we estimate, that will be in that category.

Senator CURTIS. I see.

Now, going down to the bottom line, do I understand that without your regulation, there would have been three States whose reimbursement would have been less than 20 cents a meal, 20 cents or less?

Mr. LYNG. Yes, that is correct, Senator Curtis.

Senator CURTIS. Now, under the regulation that you have promulgated, those three States will be raised up to where they can have at their disposal 35 cents, or 35 cents, possibly plus?

Mr. LYNG. Yes, with——

Senator CURTIS. And there were nine States, if you had not made your regulation, that are being reimbursed from 20 cents to 24.9 for a meal that will be raised up to 35 cents plus?

Mr. LYNG. Yes.

Senator CURTIS. And seven States that were being reimbursed from 25 cents to 29.9 will likewise be raised up to the 35 cents plus?

Mr. LYNG. To the 30 cents plus; yes, Senator.

Senator CURTIS. It is 35, is it not? For the needy?

Mr. LYNG. This is just the section 11 area.

Senator CURTIS. I see.

Mr. LYNG. So it would be the 30-cent figure; yes.

Senator CURTIS. So 28 States will fare as well or better under your regulation than if you had not made the regulation?

Mr. LYNG. Substantially, that is correct.

Senator CURTIS. Then, what your regulation does is raise these low ones up to the average?

Mr. LYNG. That is right. That is what it does.

Senator CURTIS. And inasmuch as the cost of food, it does not vary as much as the labor costs and the other things over the country, do you feel that your proposed regulation then helps to meet the objective of getting this money to the poor and the needy?

Mr. LYNG. Yes; we really believe that it does just that, Senator. Because while there are some problems in 23 States, there are 19 States that would have really suffered by this. And if it were done on a population basis or on a cost-per-lunch basis, we would find that the figures would be even more unfavorable, and would appear to be more unfavorable had we left it the way it is.

Senator CURTIS. Now, some of the correspondence that I have had, some of the problems were related to the freeze on prices and wages. Is that true?

Mr. LYNG. I think that has complicated this in some localities; yes.

Senator CURTIS. Has the Commission on Cost of Living straightened that out yet?

Mr. LYNG. No; they have not, in the sense that they have not permitted an increase in the price of school lunches.

Senator CURTIS. I do not have the letter before me right now; I recall that one school district wrote to me and for some reason, I do not recall the details, they closed the school last year supplying lunches for 20 cents. Of course, that was, under what they had proposed to do this fall, this created a problem. That is something the Cost of Living Council could well give some attention to, is it not?

Mr. LYNG. As a matter of fact, they did take it up in the Council and it is my understanding that they did not make any exception for school lunches, that they took action but did not give any relief.

Senator CURTIS. I realize that that Council has a great many issues before it and every group feels that time is of the essence. Do you have an opinion as to whether or not they had an opportunity to make an exhaustive study of this particular thing?

Mr. LYNG. I have been sitting on occasion on that Council as an alternate for Secretary Hardin and I do not think they have had time to make an exhaustive study of the problems involved in this. As you can well imagine, the pace has been rather hectic in the past 3 weeks.

Senator CURTIS. Yes.

Now, was there any change in the law or the requirements with respect to the portion they could spend on equipment that may have frustrated the plans of some localities?

Mr. LYNG. It is possible, although I think unlikely that we have frustrated them seriously. The change that has been made has simply been to say that 50 percent of the amount of money for equipment should be reserved until March for schools that do not have programs. Now, if there is some real hardship there, we would be willing to listen even beyond that.

The only other possible problem would be if they were planning to use more money than the total amount that would be allocated.

Senator CURTIS. I was thinking that there was a change some place, either in the law or the regulations, placing a limit on what the particular local school, how much of this money they could use for nonfood purposes.

Mr. LYNG. Miss Kelly, you say that we had a problem in Nebraska that has since been cleared up?

Miss KELLY. Yes, sir.

Senator, the problem that was directed to our attention was a problem involving last year's funds. The State had some equipment obligations we did not know about. Because the State demonstrated that they had the funds obligated before June 30 for a series of schools, we were able to pull back some unneeded funds from some other States and have resolved that problem in Nebraska.

Senator CURTIS. That could well have included these schools where they said they ordered some equipment and it was to be delivered and they did not have the money?

Mr. LYNG. Yes, sir; those have been cleared up and the funds made available to these particular schools because they were obligated last year.

Senator CURTIS. I got in here just a moment late after you started to present your statement. Where in your statement does it refer to the enlargement of this program nationally over the last year or two?

Mr. LYNG. In the very first page, in the third paragraph, Senator, I pointed out that in September of 1970, we had participation, we had 22.1 million children and 4 million of those being reached with free or reduced price lunches. By April of this year, a few months later, that was, we had 2 million additional children being reached, up 9 percent in toto, from 2.1 and a total of 71.3 million children were receiving free and reduced price lunches, a gain of 82 percent.

Senator CURTIS. I think that is all I have.

The CHAIRMAN. Senator Humphrey?

Senator HUMPHREY. Mr. Chairman, I just have a few questions at this time. I know that others have.

I am trying to compare the testimony that I have had before from the Secretary with that that was presented by Miss Martin from Georgia this morning.

I want to go back to chart No. 1 for just a moment—no, I mean chart No. 2.

It appears from the figures there that there were 19 States that would have their allotments raised. You say a minimum of 35 cents. Is that a guaranteed minimum?

Mr. LYNG. Yes, sir; that would be a minimum.

Senator HUMPHREY. And there are 23 States that have been lowered?

Mr. LYNG. That is correct.

Senator HUMPHREY. Now, according to the American Food Service Association, a survey conducted—this is from Miss Martin's testimony—a survey conducted by the American School Food Services Association, which is summarized in her report, the report shows the amount of projected deficits by each State and certain school districts within the States. The national average cost of producing a meal, excluding USDA foods—that is, the commodities—was 52.6 cents per meal. Do you dispute that figure?

Mr. LYNG. No; I think that sounds very much like a reasonable figure.

Senator HUMPHREY. So, what you are saying is that you are going to provide up to 35 cents of that 52.6?

Mr. LYNG. That is correct, Senator.

Senator HUMPHREY. And for the needy, how much of it do you provide?

Mr. LYNG. That would be the figure for the needy meals. For the nonneedy, it is 5 cents for everyone plus 30 cents for the needy. So, it is a total of 35 cents for the needy.

Senator HUMPHREY. So, then the States would have to pick up the 17.6 cents?

Mr. LYNG. The States or the local——

Senator HUMPHREY. Or localities?

Mr. LYNG. That is correct.

Senator HUMPHREY. You are aware, of course, that most of these programs ran into deficit last year? I mean at local levels, they had a hard time funding them.

Mr. LYNG. Yes; the program has been very difficult to fund on a local basis because the costs have gone up.

Senator HUMPHREY. So, what you have really done to 23 States who were having a chance to get a little—I think my State of Minnesota was one of them—you have just said we will cut you down. I did not come here to get my State cut back, I assure you of that.

There were 23 States that went down and 19 States that went up under the chart.

Mr. LYNG. Minnesota, Senator, would have been one of the 19 States had we gone ahead with the former formula. Minnesota would have been one of those that would have come out with a lower figure—our estimate would be that they would get 4.4 cents for all meals and 29.4 from section 11. So, Minnesota is one of those 19 States which gains by this proposal.

Senator HUMPHREY. Except they do not think that out there. That is not the way they evaluate it at all, I can assure you of that. I just came from there yesterday, from a meeting with our people. They feel they are getting a first-class whipping under that system. Some of the schools in the northern part of the State are going to have to close up their school lunch programs. Up in Duluth, up in the St. Louis County area, in Minneapolis, there are some schools that are not going to be funded.

Mr. LYNG. Based upon our estimates there is certainly some misunderstanding.

Senator HUMPHREY. I think there is and I would suggest the authorities get together on it.

The point is anyway that 23 States are being lowered. How much does it cost to prepare a school lunch in the State of Michigan? We had the man from Michigan here, the school food service representative. Detroit is in serious financial difficulty. In Philadelphia, Pa., they are having to cut out all kind of activities.

Does this program meet those costs that you have?

Mr. LYNG. Senator, it does not meet the total cost. We think it is a sizable Federal grant. It is a question then of whether it is asking too much of the local communities or the States to make up the difference. We do not think it is. We think that this is a substantial amount. Obviously, there is strong disagreement on that matter.

Senator HUMPHREY. Now, you mandated every school to take care of every needy child.

Mr. LYNG. The Federal law says that if you are going to participate in the national school lunch program, you must give a free or a reduced price lunch, a lunch costing no more than 20 cents, to children who come from families with income below the poverty level.

Senator HUMPHREY. And you are trying to get more schools to do that job, which is commendable. But when you tried to get more schools to do that job, did you contemplate what the difficulty would be in light of the incredibly difficult times the school districts are having to finance themselves? Mr. Secretary, you and I both know these school districts are in a terrible financial bind. They cannot even pay for their teachers, much less their lunches. You ordered them on the one hand under the Federal law to say if you are going to participate in this program, you have to feed every child that is needy, which is surely commendable. Then on the other hand, you do not fund the program.

Mr. LYNG. It is not fully funded federally; that is correct.

Senator HUMPHREY. It is not only not fully funded, a large part of is is not funded in several States, where there is real poverty. That is the thing that has caused great discouragement around the country.

Is it not true that title I and OEO moneys are no longer available for this?

Mr. LYNG. I am not thoroughly familiar with that, Senator, but I heard the testimony this morning which indicated that that is true.

Senator HUMPHREY. Title I and OEO moneys have been used to kind of supplement, / sweten the kitty, so to speak.

Mr. LYNG. In some localities.

Senator HUMPHREY. So that money is out.

What about transferability here, which we have had testimony today on?

Mr. LYNG. We have limited to some extent the transferability from one fund to another, although I do not think it is the major point of disagreement.

Senator HUMPHREY. But it does cut back again on the flexibility which a State has to take care of certain numbers of, some of these programs.

Mr. LYNG. This is correct.

Senator HUMPHREY. So what it really boils down to is nobody seems to dispute the fact that there is a national average of producing a meal for 52.6 cents and you are providing a minimum of 35 cents. And really, that is what you are providing, 35 cents.

Mr. LYNG. That is right.

Senator HUMPHREY. You are expanding the number to be included, even though your budget, if I may have chart No. 1, the total budget of Federal funding was $615,200,000. How many more children are involved in the school year under this projected program for $615 million as compared to last year?

Mr. LYNG. I do not have the figure. I should have had it, Senator, and I apologize that I do not. I will be glad to submit it for the record. But it is a fairly substantial increase.

(The information is as follows:)

SCHOOL LUNCH PROGRAM—ESTIMATED LUNCHES SERVED DAILY AND CHILDREN REACHED WITH A FREE AND REDUCED PRICE LUNCH

[In millions]

	Preliminary fiscal year 1971	Projected fiscal year 1972[1]
Lunches served daily	22.3	24.1
Children reached daily	24.7	26.7
Free and reduced price lunches served daily	6.6	7.5
Children reached with free and reduced price lunch	7.3	8.3

[1] The fiscal year 1972 data are based upon the number of lunches that could be served in 1972 if States maintain the program levels reached in the spring of 1972 and expand the program into additional schools in fiscal year 1972.

Senator HUMPHREY. So the fact is, from what my limited information is, that the per capita amounts that are available under the $615 million as compared to the $536 million is not more but may be less.

Mr. LYNG. It is substantially the same, but, yes, possibly, not greater, possibly less.

Senator HUMPHREY. Then we have besides that, the cost-of-living increase—there is really an inflation increase in the handling and preparation and delivery of this food which is generally agreed upon at about 5 percent.

Mr. LYNG. I am not sure of the figure.

Senator HUMPHREY. The testimony indicates that, say, 5 percent is a round figure. Whether it is 4 or 6, it is surely around 5 percent.

So really, what we end up with is that we have no more real money, or possibly less, to deal with a larger number of children, with an inflation factor of approximately 5 percent, with school districts in the worst critical financial condition that they have been in for years. That is the problem. That is why the schools are just berserk when they look at these regulations. On the one hand, they are mandated to expand the program, and on the other hand, they do not have the funds to do it, either locally or from the Federal Government. And it has caused considerable confusion for those States, may I say, that were above the line, above the 35 cents, because they have their budget pretty tightly drawn.

And by the way, the regulations came down so late that most of the budget for schools had taken place, the planning of that budget, somewhere in June—May, June, or July. This has always been a problem for the educators in any kind of funding that we have done or any kind of regulation at the Federal level.

Now, may I ask a little bit about the nonfood aid? The regulations, according to your testimony this morning—and I was impressed by

the quality of that testimony—that is why I am quoting it, also propose, quoting now from page 7 of the testimony of Miss Martin:

> * * * to rewrite the legislative policy another way. Last year, the States spent nearly $38 million to modernize old kitchens and equip new cafeteria facilities, even though the Congress appropriated only $16 million directly. The Congress authorized $38 million, however, the Department only asked for $16 million. The difference was made up with the transfer authority.
>
> The Department, in addition to cutting off the transfer power, has proposed that half of the $16 million available for non-food assistance (equipment) be spent after March first unless spent in schools without facilities.

Now, when you take on more children for more lunches, particularly in many of the poverty areas that have inadequate facilities, does this not, in a sense, slow down the program?

Mr. LYNG. Yes, Senator, except that what we are trying to accomplish here is actually to have this money spent in those schools where they do not have programs.

Senator HUMPHREY. Yes; I see the purpose here, to try to promote facilities in the schools where you do not have the programs. But, on the one hand, you are encouraging facilities in the schools that do not have the program in order to get a program started, and, on the other hand, you do not provide the money.

Mr. LYNG. We are providing this 35 cents.

Senator HUMPHREY. But the 35 cents in most of those places is inadequate.

This list you had here of 19 States that would be raised, there were 19 below the line. Some of these States were already in deficit even at that low figure on their school lunch program.

Mr. LYNG. I am sure that it has been a problem in many of them, Senator.

Senator HUMPHREY. On the breakfast program we have provided you with some additional funds. There was a carryover, I believe, of about $3 million?

Mr. LYNG. That is correct.

Senator HUMPHREY. You appropriated $25 million. You have made available $18.5 million, which is an increase from last year, even though the program itself will involve a substantial number of new people. But you have $10 million left over. Do we have any assurance that this $10 million is going to be used, or are we going to have this carried over as we did last year, like you did with the breakfast program, when you carried over $3 million?

Mr. LYNG. I am quite confident, Senator, that we will use all of the funds, because it will take all of them, we think, to maintain the program at about the level that it was at the end of the last school year. The amount of funds that we have for the school breakfast program will permit almost no expansion during this fiscal year.

Senator HUMPHREY. So, you are really just holding at about the level of where you ended the last school year?

Mr. LYNG. That is correct.

Senator HUMPHREY. That does not take into consideration your summer feeding program

Mr. LYNG. No; that comes from another fund.

Senator HUMPHREY. So, what we are saying now is there is no expansion contemplated in the breakfast program?

Mr. LYNG. That is correct.

Senator HUMPHREY. As compared to what was available last year?

Mr. LYNG. That is right. It will be an expansion on a yearly average, but it is not an expansion over what the participation level was at the end of the school year.

Senator HUMPHREY. Mr. Secretary, if you were to be asked by this committee, how much money does your school feeding program—I am talking now about breakfast and the regular school lunch and the free lunch or the reduced-price lunch—how much appropriation would you ask for? What is the figure you would give to this committee? Not that we are the Appropriations Committee, but what were you authorized over what you asked for, how much more than what you got?

Mr. LYNG. Senator, as I explained earlier, it is not my role to set priorities for the administration. We make requests as to where we think the program level should be, but obviously, those who have to weigh the various things have some problems.

Senator HUMPHREY. Right.

Mr. LYNG. So, I would have to say that based upon the conditions in the school lunch program as I found it when I came on this job 2½ years ago, we have made great progress. I think we could be doing better and I would be hopeful that fiscal conditions will permit us to give more resources to the program. But I do not think that today I am prepared to give you a dollar figure as to where that ideal figure would be if we had all the money for all the programs and we did not have to worry about priorities.

Senator HUMPHREY. How much funds were added by the Congress over and above the budget request in that total figure?

Mr. LYNG. For the school lunch, in the cash figure, 833 million. It was transferred from section 32 commodities, to section 32 cash. This figure does not reflect the commodities that we are giving the schools.

Senator HUMPHREY. Does it reflect section 32 funds?

Mr. LYNG. It does, yes. The special section 32 figure is 833 million higher because of the action of the Congress.

Senator HUMPHREY. Would you think that in light of the increase in numbers which the Department is encouraging—may I suggest most respectfully that I heartily approve of that encouragement, and I think the country has come a long way, as has the Government, in terms of taking care of the needy. I think we have had an awakening in this country. We got the stamp program beyond the wildest dreams of people here 10 years ago, because I think American people have made up their minds that people are going to be fed in this country. The President says he wants it done, you say you want it done, we say we want it done. But the problem is after we have said it, do we provide it? Particularly when we are dealing with the hard reality of the local condition of financing of the schools.

I just have to bear down on this, Mr. Secretary, because I come from a reasonably prosperous community out in our part of the country. But we are just up against it on financing our schools. We really are just up against it. When you go to St. Louis County and Duluth, Minn., Mr. Secretary, there just is not any money. We are going to have to close down some of those school programs out there under this formula. And that is not a happy experience.

Therefore, while I know you do not set priorities, I am sure you feel the same way I do about the necessity of this program, or the good of it. We have had wonderful testimony of its benefits healthwise, in terms of school dropouts, in terms of the learning—the evidence is

overwhelming, from the medical profession, to the psychiatrist, to the nutritionist. This is one of the most wonderful programs we have had in education, just for education itself. We know that to be the case.

Then what would you think would have to be added to that $615 million over there to provide reasonably close to that 52 cents that is an average? Fifty-two cents will not provide a meal in New York. The man from Buffalo this morning indicated that and I think they have a pretty good program.

But if you were to provide 52.5 cents?

Mr. LYNG. Each 5-cent increase in the amount of free and reduced-price lunches costs in the area of $70 million. So, if you increased it by 20 cents——

Senator HUMPHREY. Or 15 cents.

Mr. LYNG (continuing). Or 15 cents, you would be talking about $210 million.

Senator HUMPHREY. If you increased it by 15 cents, there would be a national average of 50 cents, is that right?

Mr. LYNG. That would be correct.

Senator HUMPHREY. $220 million?

Mr. LYNG. Something in that area, Senator. Miss Kelley, am I about right?

Miss KELLEY. Yes.

Senator HUMPHREY. So for another $225 or $220 million, we could have a pretty good nationwide program, could we not, under the present situation?

Mr. LYNG. As far as free and reduced-price lunches, you would be paying a rather substantial portion of the cost of free and reduced-price lunches, yes, sir.

Senator HUMPHREY. Thank you.

The CHAIRMAN. Senator Ellender?

Senator ELLENDER. What would that bring the percentage of the cost of the Federal Government to if we provided the funds?

Mr. LYNG. On the free and reduced-price lunches, it would bring the Federal Government's share to—oh, I think we would be getting close to, if the average cost of lunches is 65 cents, nationwide—is that about right?

Miss KELLEY. About 60, I believe.

Mr. LYNG. About 60. They figured that 58.6 on this survey without commodities. If you add commodities, we would be paying 90 percent of the cost.

Senator HUMPHREY. For the free lunch for the needy?

Mr. LYNG. For the free lunch, yes.

Senator HUMPHREY. So we pay 100 percent for the military, I guess, the lunches they get.

The CHAIRMAN. Senator Chiles?

Senator CHILES. Mr. Secretary, I was present June 8 when you testified before Senator Allen's subcommittee. I wanted to just review some of the testimony that occurred at that subcommittee at that time. I think we were dealing with several bills, but one of the bills was House bill 5257 that would have provided or really just given the Department authority to dip into surplus section 32 funds for not only that current year, but also, as you recall this time, but also up to $100 million for the next year. As I recall, we went through some testimony as to whether that money is needed or not.

In connection with that, we got into a pretty general discussion on the whole free lunch program. I am concerned, and I will tell you at the outset, this is based on testimony that I heard at that time, and the testimony that I am hearing now and what I am hearing from the States now. I asked you at that time if you had ample money for the amount requested by the President's budget. Then you said that you felt that you had ample funds and that the present budget would take care of that.

Then I was asking, "are you saying this is an ample amount to take care of all of the needs?" I think you said at that time, "I am not saying it is an ample amount to take care of all the requests for the State."

Then I said, "Well, the concern is whether the administration's budget request is sufficient to take care of the needs."

You replied:

> Yes, there has been concern expressed on the matter. I think it is fair to say these programs have been growing. There is a question, of course, of fiscal priority.

Then we got into the question as to what were going to be the increased requests, how big would they be, and what were the needs? Senator Allen was questioning you again and he said:

> If we can, we hope we can get the additional schools to participate. And if our budget request for fiscal 1972 proves to be insufficient, we will not hesitate to come to the Congress for an additional appropriation.

I want to ask you now, do you think you have to come to the Congress for additional appropriation?

Mr. LYNG. Senator, based upon the reimbursement schedule we have in these regulations, we will come pretty close to staying within our appropriation figure. It may be that even at the 30-cent figure and the 5-cent figure, we could run short. As a matter of fact, if we get the participation that some of our people anticipate, it would indicate a shortage of possibly as much as $40 million. But, substantially, at the projected rate of reimbursement, we have sufficient funds.

Senator CHILES. Now, Mr. Secretary, that is where I am concerned, when you say based on the now regulations that you have adopted. Because at that time, we were asking you again. Senator Allen was asking you, "Well, now, Mr. Lyng, with 23,000 schools not even participating in the program at this time, how would you feel if you had adequate funds to operate the program and make food available to the needy children without providing some increase?" Then you said, "We are going to provide the increase from the milk program by switching it over." But you said, "Our best estimates would indicate that it would probably be sufficient based on the same amounts of reimbursements and grants to the States that we have had in the past," at that same level.

Now, Mr. Secretary, you told us then you were going to use the same amounts of reimbursements. Again you reiterated, right after that, "We believe we can take care of the normal growth. If it is insufficient for the administration, we will not hesitate"—that is the second time—"as we have done in the past to come in and ask for additional appropriations."

One other time, you said you would not hesitate to come in and ask for additional appropriation.

So now, I want to ask you, at the time you were testifying before us on June 8, did you know you were going to change the regulations and what the requests would be?

Mr. LYNG. No; I did not know that then, Senator. However, based upon the difficulties that we had last spring, we had been working in an effort to come up with something which would give the States and give the local communities some sort of a guideline as to how much they could expect on an annualized basis, so that we have come out very close to what I projected in that testimony.

Now, it is not the same amount for each State, but it is the same amount in total to the States per lunch or very close to that.

Senator CHILES. Mr. Secretary, if you were using the regulations that you were using before your new regulations, you would be considerably short of money this year; would you not?

Mr. LYNG. No, Senator. We would have some problems of reallocation as we moved into the spring. We would find some States with more money than they needed and some States would be short. It would depend again on if we had the same kind of regulations that we did last year. The States objected very strenuously to this 12-cent rule. If we did not have that, I suspect we would come very, very short in some States.

Senator CHILES. Now you are going back and giving me information that certain States would be short and certain States would not. But overall, would you not be short of funds for the overall program if you administered this year, with the growth we have, using the regulations that you had before?

Mr. LYNG. We would come out just about the same as we did last year, Senator.

Senator CHILES. Not the same as last year. You are saving money with the new regulations; are you not?

Mr. LYNG. No; I do not think we are, Senator. We are going to be spending $78.8 million more, as I pointed out——

Senator CHILES. That is again not the answer I want. I know Congress has appropriated additional moneys. But I am trying to find out whether you are short of the funds that you would need if you were under the regulations as you were the previous year and then crank in the growth that we have in the program.

Mr. LYNG. No; I do not think we would be.

Senator CHILES. You do not think you would be short?

Mr. LYNG. No.

Senator CHILES. Your tables do not contain amounts. Could you give me the amounts? We know that 19 States would fare better one way and 23 States would fare better another way, but we do not get any dollar amounts. What are the dollar amounts of those 19 States that fare better and what are the dollar amounts of the 23 States under the old regulations? That would allow me to compare a little bit better what the figures are.

Mr. LYNG. I would be happy to submit that for the record, Senator. I do not have the figures in front of me of the projections on section 32. I do have a page for each State of the allotments of section 4 and section 11, school breakfast and equipment assistance. We would take the anticipated participation for free and reduced-price lunches and allot an estimated amount of section 32 for each State and submit that for the record if you would like.

(The information is as follows:)

STATE AGENCIES

Child nutrition	1970 (actual use)	1971 (actual use)	1972 (estimated availability)
ALABAMA			
Apportionments:			
Sec. 4	$5,479,741	$7,257,127	$6,999,114
Sec. 11	2,043,888	7,711,462	8,652,715
School breakfast	148,051	350,709	[1] 543,162
Equipment assistance	326,095	254,393	250,800
Total	7,997,775	15,573,691	16,446,881
Special sec. 32	[2] 4,967,337	[2] 4,899,253	[2] 4,678,105
ALASKA			
Apportionments:			
Sec. 4	189,886	254,970	283,163
Sec. 11	112,904	214,367	228,188
School breakfast	11,130	44,524	[1] 69,951
Equipment assistance	11,300	26,044	28,700
Total	325,220	539,905	610,002
Special sec. 32	[2] 39,264	[2] 162,558	[2] 591,824
ARIZONA			
Apportionments:			
Sec. 4	1,555,038	1,990,058	2,047,169
Sec. 11	553,125	1,677,339	1,882,275
School breakfast	143,603	132,742	[1] 194,246
Equipment assistance	94,170	123,976	127,275
Total	2,325,936	3,924,115	4,250,966
Special sec. 32	[2] 471,605	[2] 1,738,279	[2] 1,036,694
ARKANSAS			
Apportionments:			
Sec. 4	3,086,145	4,087,932	3,957,500
Sec. 11	1,481,181	4,648,657	5,204,144
School breakfast	113,608	218,908	[1] 328,849
Equipment assistance	191,331	138,266	143,122
Total	4,872,265	9,093,763	9,633,615
Special sec. 32	[2] 1,058,590	[2] 924,352	[2] 1,800,358
CALIFORNIA			
Apportionments:			
Sec. 4	6,308,394	8,470,620	8,421,479
Sec. 11	1,232,134	10,303,585	11,562,472
School breakfast	975,953	402,190	[1] 643,386
Equipment assistance	403,567	1,089,320	1,115,355
Total	8,920,048	20,265,715	21,742,692
Special sec. 32	[2] 3,900,631	[2] 14,162,372	[2] 43,213,473
COLORADO			
Apportionments:			
Sec. 4	1,696,845	2,323,119	2,343,214
Sec. 11	228,136	1,471,549	1,756,130
School breakfast	93,705	144,113	[1] 215,105
Equipment assistance	100,978	128,348	134,515
Total	2,119,664	4,067,129	4,448,964
Special sec. 32	[2] 816,769	[2] 1,079,314	[2] 2,129,468
CONNECTICUT			
Apportionments:			
Sec. 4	1,482,306	1,990,373	1,954,619
Sec. 11	129,612	1,160,623	1,257,540
School breakfast	120,992	90,131	[1] 187,725
Equipment assistance	72,061	323,887	346,797
Total	1,804,971	3,565,014	3,746,681
Special sec. 32	[2] 422,295	[2] 730,377	[2] 1,390,998
DELAWARE			
Apportionments:			
Sec. 4	446,180	601,788	617,067
Sec. 11	45,297	424,643	407,377
School breakfast	8,593	25,630	[1] 93,479
Equipment assistance	16,817	24,000	39,446
Total	516,887	1,076,061	1,157,369
Special sec. 32	[2] 87,105	[2] 175,082	[10] 306,773

See footnotes at end of table, p. 97.

STATE AGENCIES—Continued

Child nutrition	1970 (actual use)	1971 (actual use)	1972 (estimated availability [1])
DISTRICT OF COLUMBIA			
Apportionments:			
Sec. 4	260,564	349,875	450,194
Sec. 11	281,173	776,943	871,870
School breakfast	88,246	61,547	[3] 81,722
Equipment assistance	15,506	78,810	84,282
Total	645,489	1,270,175	1,488,068
Special sec. 32	[2] 848,295	[2] 1,520,289	[11] 1,985,895
FLORIDA			
Apportionments:			
Sec. 4	6,547,725	8,633,542	8,869,017
Sec. 11	2,532,726	6,868,176	7,707,327
School breakfast	337,720	408,964	[3] 674,919
Equipment assistance	403,027	435,722	448,556
Total	9,821,198	16,346,404	17,699,821
Special sec. 32	[2] 6,022,694	[2] 6,670,932	[12] 10,984,881
GEORGIA			
Apportionments:			
Sec. 4	7,583,774	10,018,890	9,792,918
Sec. 11	2,345,755	8,634,687	9,689,669
School breakfast	280,291	401,563	[3] 740,020
Equipment assistance	485,664	373,017	372,386
Total	10,695,484	19,428,157	20,594,993
Special sec. 32	[2] 4,558,268	[2] 6,003,293	[13] 5,931,073
HAWAII			
Apportionments:			
Sec. 4	974,976	1,309,161	1,269,776
Sec. 11	103,379	497,651	499,224
School breakfast	32,199	31,084	[3] 139,467
Equipment assistance	18,988	43,515	45,453
Total	1,129,542	1,881,411	1,953,920
Special sec. 32	[2] 142,177	[2] 290,320	[14] 160,998
IDAHO			
Apportionments:			
Sec. 4	727,111	1,007,840	981,502
Sec. 11	52,359	527,473	768,370
School breakfast			[3] 119,155
Equipment assistance	44,756	179,976	52,131
Total	824,226	1,715,289	1,921,158
Special sec. 32	[2] 224,616	[2] 364,033	[15] 145,106
ILLINOIS			
Apportionments:			
Sec. 4	4,818,475	6,470,010	7,472,903
Sec. 11	531,641	6,966,528	7,817,695
School breakfast	267,244	319,009	[3] 576,541
Equipment assistance	296,589	626,052	708,954
Total	5,913,949	14,381,599	16,575,993
Special sec. 32	[2] 6,036,782	[2] 8,152,753	[16] 7,446,022
INDIANA			
Apportionments:			
Sec. 4	3,963,886	5,322,510	6,002,445
Sec. 11	242,993	3,353,101	4,438,562
School breakfast	129,154	213,020	[3] 472,938
Equipment assistance	253,847	389,694	375,931
Total	4,589,880	9,318,325	11,289,870
Special sec. 32	[2] 1,017,058	[2] 585,193	[17] 0
IOWA			
Apportionments:			
Sec. 4	2,674,466	3,734,780	3,907,057
Sec. 11	211,427	2,172,932	3,194,620
School breakfast	95,343	124,004	[3] 325,294
Equipment assistance	164,620	252,471	193,189
Total	3,145,856	6,284,187	7,620,160
Special sec. 32	[2] 1,110,108	[2] 856,177	[18] 0

See footnotes at end of table, p. 97.

STATE AGENCIES - Continued

Child nutrition	1970 (actual use)	1971 (actual use)	1972 (estimated availability)
KANSAS			
Apportionments:			
Sec. 4	1,953,057	2,780,249	2,556,259
Sec. 11	199,858	1,385,393	2,416,830
School breakfast	40,485	105,511	[1] 230,115
Equipment assistance	116,225	454,928	178,017
Total	2,309,625	4,726,081	5,381,211
Special sec. 32	[2] 527,292	[3] 131,776	[24] 207,219
KENTUCKY			
Apportionments:			
Sec. 4	4,860,838	6,428,002	6,189,368
Sec. 11	1,619,214	6,289,351	7,057,780
School breakfast	763,479	317,262	[1] 486,110
Equipment assistance	270,305	242,603	238,725
Total	7,513,836	13,277,218	13,971,983
Special sec. 32	[2] 2,864,187	[3] 3,216,388	[25] 1,089,632
LOUISIANA			
Apportionments:			
Sec. 4	6,814,365	9,149,985	8,776,940
Sec. 11	1,762,845	7,094,939	7,961,795
School breakfast	530,509	430,436	[1] 668,432
Equipment assistance	405,518	326,637	324,884
Total	9,513,637	17,001,997	17,732,051
Special sec. 32	[2] 1,577,617	[3] 1,902,625	[2] 6,161,203
MAINE			
Apportionments:			
Sec. 4	845,910	1,154,772	1,188,652
Sec. 11	178,466	1,056,316	1,145,417
School breakfast	30,364	59,419	133,753
Equipment assistance	52,057	102,911	107,567
Total	1,106,747	2,373,418	2,575,389
Special sec. 32	[2] 534,019	[3] 1,136,120	[26] 681,445
MARYLAND			
Apportionments:			
Sec. 4	2,158,975	2,971,837	3,165,418
Sec. 11	225,455	2,763,334	3,095,784
School breakfast	147,278	173,022	273,039
Equipment assistance	126,027	163,001	183,089
Total	2,657,735	6,071,194	6,717,330
Special sec. 32	[2] 1,792,906	[3] 1,968,616	[25] 2,425,742
MASSACHUSETTS			
Apportionments:			
Sec. 4	3,972,926	5,337,638	5,324,581
Sec. 11	689,681	3,011,437	3,201,394
School breakfast	59,471	113,200	[1] 425,172
Equipment assistance	254,426	803,815	823,509
Total	4,976,504	9,263,090	9,774,608
Special sec. 32	[2] 1,073,804	[3] 3,153,722	[25] 1,666,328
MICHIGAN			
Apportionments:			
Sec. 4	3,861,887	5,185,552	5,231,296
Sec. 11	327,656	4,933,257	6,183,674
School breakfast	215,322	261,895	[1] 418,601
Equipment assistance	247,315	791,979	813,341
Total	4,652,180	11,172,683	12,646,912
Special sec. 32	[2] 2,021,945	[3] 1,482,703	[25] 3,119,800
MINNESOTA			
Apportionments:			
Sec. 4	3,501,214	5,151,997	5,339,002
Sec. 11	271,037	3,669,391	4,028,219
School breakfast	61,167	177,518	[1] 426,192
Equipment assistance	224,217	271,181	286,540
Total	4,057,655	9,270,087	10,079,953
Special sec. 32	[2] 1,530,622	[3] 2,327,714	[25] 3,456,169

See footnotes at end of table, p. 97.

STATE AGENCIES—Continued

Child nutrition	1970 (actual use)	1971 (actual use)	1972 (estimated availability)
MISSISSIPPI			
Apportionments:			
Sec. 4	4,596,459	6,171,908	5,854,631
Sec. 11	1,803,176	6,925,178	7,771,294
School breakfast	421,514	306,614	[1] 462,523
Equipment assistance	284,966	250,387	247,508
Total	7,106,115	13,654,087	14,336,956
Special sec. 32	[2] 2,277,124	[2] 3,525,003	[27] 4,942,574
MISSOURI			
Apportionments:			
Sec. 4	4,164,863	5,592,375	5,578,241
Sec. 11	624,993	5,043,522	5,834,845
School breakfast	40,936	183,675	[1] 443,049
Equipment assistance	150,156	258,817	261,293
Total	4,980,948	11,078,389	12,117,428
Special sec. 32	[2] 1,298,284	[2] 632,623	[28] 468,737
MONTANA			
Apportionments:			
Sec. 4	479,622	655,309	684,165
Sec. 11	89,984	637,762	689,380
School breakfast	29,934	41,382	[1] 98,207
Equipment assistance	28,542	80,385	83,850
Total	628,082	1,414,838	1,555,602
Special sec. 32	[2] 226,225	[2] 347,076	[29] 0
NEBRASKA			
Apportionments:			
Sec. 4	1,158,644	1,555,783	1,678,164
Sec. 11	187,603	1,460,640	1,661,414
School breakfast	30,409	91,476	[1] 168,244
Equipment assistance	71,833	111,456	118,899
Total	1,448,489	3,219,355	3,626,721
Special sec. 32	[2] 658,144	[2] 770,168	[30] 455,044
NEVADA			
Apportionments:			
Sec. 4	148,987	200,046	201,176
Sec. 11	24,773	208,076	191,551
School breakfast	15,731	18,511	[1] 64,174
Equipment assistance	8,866	50,249	51,477
Total	198,357	476,882	508,378
Special sec. 32	[2] 42,158	[2] 525,044	[31] 333,424
NEW HAMPSHIRE			
Apportionments:			
Sec. 4	539,092	737,798	749,535
Sec. 11	48,705	434,328	487,394
School breakfast	24,006	27,371	[1] 102,813
Equipment assistance	27,815	136,310	76,636
Total	639,618	1,335,807	1,416,378
Special sec. 32	[2] 121,223	[2] 211,762	[32] 8,380
NEW JERSEY			
Apportionments:			
Sec. 4	2,067,211	2,775,756	2,918,738
Sec. 11	370,961	2,609,870	3,101,215
School breakfast	236,248	160,225	[1] 255,657
Equipment assistance	127,242	671,368	692,410
Total	2,801,662	6,217,219	6,968,020
Special sec. 32	[2] 1,082,986	[2] 2,065,508	[33] 3,613,455
NEW MEXICO			
Apportionments:			
Sec. 4	1,258,409	1,716,548	1,825,189
Sec. 11	630,712	1,586,793	1,780,668
School breakfast	78,828	121,370	[1] 178,606
Equipment assistance	67,447	69,095	79,188
Total	2,035,396	3,493,806	3,863,651
Special sec. 32	[2] 496,871	[2] 2,193,150	[34] 2,159,280

See footnotes at end of table, p. 97.

STATE AGENCIES—Continued

Child nutrition	1970 (actual use)	1971 (actual use)	1972 (estimated availability)
NEW YORK			
Apportionments:			
Sec. 4	10,864,792	14,588,708	14,249,983
Sec. 11	6,270,297	11,012,490	12,537,193
School breakfast	267,749	800,642	[1] 1,054,066
Equipment assistance	646,556	1,149,808	1,224,269
Total	18,049,394	27,551,648	29,065,511
Special sec. 32	[2] 11,326,932	[2] 17,002,315	[38] 17,593,579
NORTH CAROLINA			
Apportionments:			
Sec. 4	8,048,458	10,640,835	9,977,231
Sec. 11	2,961,222	11,095,546	12,451,196
School breakfast	366,364	492,422	[1] 753,005
Equipment assistance	478,958	386,729	370,968
Total	11,855,002	22,615,532	23,552,400
Special sec. 32	[2] 4,175,283	[2] 5,215,371	[39] 4,477,966
NORTH DAKOTA			
Apportionments:			
Sec. 4	749,486	1,006,401	1,034,327
Sec. 11	81,323	682,310	959,866
School breakfast	10,582	26,576	[1] 122,880
Equipment assistance	44,603	180,370	47,603
Total	885,994	1,895,657	2,164,676
Special sec. 32	[2] 209,175	[2] 207,604	[39] 0
OHIO			
Apportionments:			
Sec. 4	6,149,970	8,257,874	8,100,078
Sec. 11	826,527	6,090,112	7,293,623
School breakfast	948,430	389,076	[1] 620,741
Equipment assistance	365,577	618,039	629,862
Total	8,291,504	15,355,101	16,644,304
Special sec. 32	[2] 2,992,306	[2] 5,038,887	[39] 2,004,733
OKLAHOMA			
Apportionments:			
Sec. 4	2,302,851	3,092,175	3,264,449
Sec. 11	550,036	3,497,700	3,925,046
School breakfast	266,368	178,566	[1] 280,017
Equipment assistance	137,933	136,352	150,016
Total	3,257,188	6,904,793	7,619,528
Special sec. 32	[2] 2,067,920	[2] 1,262,957	[39] 1,585,776
OREGON			
Apportionments:			
Sec. 4	1,486,531	1,998,068	2,123,360
Sec. 11	117,670	1,229,860	1,364,989
School breakfast	35,174	81,274	199,614
Equipment assistance	91,592	113,268	121,263
Total	1,730,967	3,422,470	3,809,226
Special sec. 32	[2] 554,019	[2] 1,909,922	[40] 1,831,389
PENNSYLVANIA			
Apportionments:			
Sec. 4	5,868,239	7,879,571	8,318,739
Sec. 11	463,556	6,084,899	7,882,511
School breakfast	76,334	336,109	[1] 636,148
Equipment assistance	361,204	747,685	783,509
Total	6,769,333	15,078,264	17,620,907
Special sec. 32	[2] 2,355,157	[2] 2,721,916	[41] 3,526,994
RHODE ISLAND			
Apportionments:			
Sec. 4	312,338	419,400	434,217
Sec. 11	93,018	694,021	778,515
School breakfast	59,111	66,420	[1] 80,596
Equipment assistance	18,582	88,346	90,087
Total	483,049	1,268,187	1,383,715
Special sec. 32	[2] 293,387	[2] 474,250	[42] 81,834

See footnotes at end of table, p. 97.

STATE AGENCIES—Continued

Child nutrition	1970 (actual use)	1971 (actual use)	1972 (estimated availability)
SOUTH CAROLINA			
Apportionments:			
Sec. 4	5,027,711	6,658,484	6,230,367
Sec. 11	2,905,466	6,458,162	7,259,877
School breakfast	221,502	326,432	[1] 488,997
Equipment assistance	299,195	233,153	223,029
Total	8,453,874	13,676,231	14,202,270
Special sec. 32	[2] 2,474,864	[3] 3,681,725	[43] 4,266,561
SOUTH DAKOTA			
Apportionments:			
Sec. 4	664,417	906,998	909,748
Sec. 11	131,089	835,180	1,358,091
School breakfast	53,390	87,711	[1] 114,101
Equipment assistance	40,896	408,557	73,282
Total	889,792	2,238,446	2,455,222
Special sec. 32	[2] 303,762	[3] 733,363	[44] 172,916
TENNESSEE			
Apportionments:			
Sec. 4	5,124,801	6,778,626	6,719,068
Sec. 11	1,641,241	7,579,719	8,540,431
School breakfast	280,987	331,135	[1] 523,432
Equipment assistance	304,973	242,970	245,964
Total	7,352,002	14,932,450	16,028,895
Special sec. 32	[2] 2,761,644	[3] 3,251,949	[45] 2,346,863
TEXAS			
Apportionments:			
Sec. 4	8,310,762	11,165,397	10,964,477
Sec. 11	1,941,798	15,617,142	17,477,211
School breakfast	457,593	512,758	[1] 822,569
Equipment assistance	532,512	453,415	461,560
Total	11,242,665	27,748,712	29,725,817
Special sec. 32	[2] 4,561,709	[2] 8,302,649	[46] 18,227,820
UTAH			
Apportionments:			
Sec. 4	1,500,858	2,048,872	2,050,161
Sec. 11	295,318	755,232	746,509
School breakfast	17,362	45,188	[1] 194,457
Equipment assistance	96,114	85,460	89,512
Total	1,909,652	2,934,752	3,080,639
Special sec. 32	[2] 684,287	[2] 1,188,357	[47] 917,231
VERMONT			
Apportionments:			
Sec. 4	334,738	407,362	436,985
Sec. 11	65,679	486,599	546,051
School breakfast	31,100	40,237	[1] 80,791
Equipment assistance	21,437	50,261	30,749
Total	452,954	984,459	1,094,576
Special sec. 32	[2] 198,225	[2] 336,727	[48] 373,516
VIRGINIA			
Apportionments:			
Sec. 4	4,898,489	6,577,455	6,655,184
Sec. 11	1,415,206	6,512,860	7,335,361
School breakfast	221,827	322,863	[1] 518,930
Equipment assistance	290,611	227,715	238,634
Total	6,826,133	13,640,893	14,748,109
Special sec. 32	[2] 3,117,159	[2] 1,373,086	[49] 3,046,265
WASHINGTON			
Apportionments:			
Sec. 4	2,069,821	2,836,668	2,791,033
Sec. 11	217,898	1,717,306	1,989,240
School breakfast	66,774	167,022	[1] 246,628
Equipment assistance	123,174	108,744	112,817
Total	2,477,667	4,829,740	5,139,748
Special sec. 32	[2] 838,741	[2] 1,449,578	[50] 1,940,394

See footnotes at end of table, p. 97.

STATE AGENCIES—Continued

Child nutrition	1970 (actual use)	1971 (actual use)	1972 (estimated availability)
WEST VIRGINIA			
Apportionments:			
Sec. 4	1,945,216	2,688,758	2,618,321
Sec. 11	731,210	3,402,801	3,815,132
School breakfast	251,109	160,874	[1] 234,487
Equipment assistance	124,571	117,452	125,541
Total	3,052,106	6,369,885	6,793,481
Special sec. 32	[2] 2,495,519	[3] 4,348,244	[31] 1,494,148
WISCONSIN			
Apportionments:			
Sec. 4	2,607,160	3,570,779	3,716,599
Sec. 11	185,233	2,265,091	2,766,026
School breakfast	48,015	116,403	[1] 311,874
Equipment assistance	154,003	258,513	305,085
Total	2,995,411	6,210,786	7,099,584
Special sec. 32	[2] 761,163	[2] 682,238	[32] 288,892
WYOMING			
Apportionments:			
Sec. 4	275,804	370,328	398,237
Sec. 11	34,843	234,897	330,556
School Breakfast	22,457	22,247	[1] 78,061
Equipment assistance	16,977	62,888	30,594
Total	350,081	690,360	837,448
Special sec. 32	[4] 42,675	(4)	[33] 28,220

[1] Only $18,500,000 of the total of $28,000,000 available for the school breakfast program in 1972 was included in the initial apportionment of funds.

[2] In 1970 and 1971, special sec. 32 funds were apportioned to States under the statutory formula used to apportion school lunch sec. 11 funds. These funds could be used by States to augment funds appropriated for sec. 11 school breakfast and equipment assistance.

[3] The estimated amount of sec. 32 funds to be made available in 1972 is based upon an 11-percent increase in the number of total lunches served in 1972 over 1971 and a 25-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[4] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 20-percent increase in the number of total lunches served in 1972 over 1971 and a 30-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[5] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 15-percent increase in the number of total lunches served in 1972 over 1971 and a 31-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[6] The estimated amount of sec. 32 funds to be made available in 1972 is based upon an 11-percent increase in the number of total lunches served in 1972 over 1971 and a 24-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[7] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 16-percent increase in the number of total lunches served in 1972 over 1971 and a 118-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[8] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 9-percent increase in the number of total lunches served in 1972 over 1971 and a 49-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[9] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 6-percent increase in the number of total lunches served in 1972 over 1971 and a 75-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[10] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 1-percent increase in the number of total lunches served in 1972 over 1971 and a 38-percent increase in the number of free and reduced price luches served in 1972 over 1971.

[11] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 12-percent increase in the number of total lunches served in 1972 over 1971 and a 14-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[12] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 7-percent increase in the number of total lunches served in 1972 over 1971 and a 70-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[13] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 6-percent increase in the number of total lunches served in 1972 over 1971 and a 19-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[14] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 6-percent increase in the number of total lunches served in 1972 over 1971 and a 13-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[15] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 10-percent increase in the number of total lunches served in 1972 over 1971 and a 70-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[16] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 13-percent increase in the number of total lunches served in 1972 over 1971 and a 1-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[17] State will be able to maintain a statewide average reimbursement rate equal to 5 cents or greater under sec. 4 and a statewide average reimbursement rate equal to 30 cents or greater under sec. 11 without the use of any sec. 32 funds.

[18] State will be able to maintain a statewide average reimbursement rate equal to 5 cents or greater under sec. 4 and a statewide average reimbursement rate equal to 30 cents or greater under sec. 11 without the use of any sec. 32 funds.

Senator CHILES. Well, I would like to see exactly how those figures would come out. I think the problem that I have is—this has been said so many times—that Congress has clearly expressed itself on what its intent is in this program. It has required the States to furnish the free program to the needy children. We have made that requirement if they want to participate in the program. But somehow, the Congress cannot seem to get the answer of the dollar amount that would be necessary in our obligation to provide if we want to provide that free lunch. I think if the Department would just give us those figures, then the Congress can determine the question of what kind of allocation we want to place in the States, what kind of allocation we want to place in the Congress. But right now, as a member of this committee and a Member of the Senate, I cannot get that information. I have not been able to get that information. And I feel I have been voting in the dark, voting for what I thought was sufficient moneys to take care of the States. Now I find out my State is cut $3 million. Not because they are getting something additional, but cut from what they were last year.

Now, I would like to be able to make the decision as a U.S. Senator whether I want to raise that appropriation or not and have some allocation from that. I think we are entitled to that kind of information.

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[19] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 19-percent increase in the number of total lunches served in 1972 over 1971 and a 68-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[20] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 16-percent increase in the number of total lunches served in 1972 over 1971 and a 15-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[21] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 10-percent increase in the number of total lunches served in 1972 over 1971 and a 24-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[22] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 17-percent increase in the number of total lunches served in 1972 over 1971 and a 34-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[23] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 31-percent increase in the number of total lunches served in 1972 over 1971 and a 17-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[24] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 5-percent increase in the number of total lunches served in 1972 over 1971 and a 47-percent increase in the number of free and reduced price lunches served in 1372 over 1971.

[25] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 3-percent increase in the number of total lunches served in 1972 over 1971 and a 52-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[26] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 27-percent increase in the number of total lunches served in 1972 over 1971 and a 73-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[27] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 14-percent increase in the number of total lunches served in 1972 over 1971 and a 23-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[28] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 9-percent increase in the number of total lunches served in 1972 over 1971 and a 36-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[29] State will be able to maintain a statewide average reimbursement rate equal to 5 cents or greater under sec. 4 and a statewide average reimbursement rate equal to 30 cents or greater under sec. 11 without the use of any sec. 32 funds.

[30] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 10-percent increase in the number of total lunches served in 1972 over 1971 and a 35-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[31] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 34-percent increase in the number of total lunches served in 1972 over 1971 and a 75-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[32] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 13-percent increase in the number of total lunches served in 1972 over 1971 and a 12-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[33] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 17-percent increase in the number of total lunches served in 1972 over 1971 and a 27-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[34] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 1-percent increase in the number of total lunches served in 1972 over 1971 and a 14-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[35] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 11-percent increase in the number of total lunches served in 1972 over 1971 and a 8-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[36] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 6-percent increase in the number of total lunches served in 1972 over 1971 and a 28-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

Continually, when you talk before the committee, we are told, do not worry, there is plenty of money, we do not need this hundred million dollars that is in this House bill. We do not even need the authority.

Senator Allen asked repeatedly, would it hurt if we just gave you this hundred million dollars in case you run short? No, well, we do not need that.

We would like to know and let us try to make a determination as to whether we want to fund this program or not. I guess the feeling is I have a feeling that I am being spoonfed like one of these needy children as to whether I am entitled to have enough information to make a determination as to what I want to do and provide for this program or not.

I really end up looking at your testimony on the eighth and listening today to the people who have come up from the school districts. I kind of reach one of two conclusions and I am not sure which one to reach. The first one is that the budget from the administration was under what it should be to fully fund this program, and in order to then cut the pattern, cut the cloth to fit the pattern, we came out with the regulations so we do not run short of money.

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[37] State will be able to maintain a statewide average reimbursement rate equal to 5 cents or greater under sec. 4 and a statewide average reimbursement rate equal to 30 cents or greater under sec. 11 without the use of any sec. 32 funds.

[38] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 13-percent increase in the number of total lunches served in 1972 over 1971 and a 17-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[39] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 13-percent increase in the number of total lunches served in 1972 over 1971 and a 42-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[40] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 13-percent increase in the number of total lunches served in 1972 over 1971 and a 77-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[41] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 11-percent increase in the number of total lunches served in 1972 over 1971 and a 22-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[42] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 14-percent increase in the number of total lunches served in 1972 over 1971 and a 1-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[43] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 7-percent increase in the number of total lunches served in 1972 over 1971 and a 21-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[44] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 31-percent increase in the number of total lunches served in 1972 over 1971 and a 52-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[45] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 10-percent increase in the number of total lunches served in 1972 over 1971 and a 24-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[46] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 51-percent increase in the number of total lunches served in 1972 over 1971 and a 108-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[47] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 5-percent increase in the number of total lunches served in 1972 over 1971 and a 35-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[48] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 27-percent increase in the number of total lunches served in 1972 over 1971 and a 100-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[49] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 6-percent increase in the number of total lunches served in 1972 over 1971 and a 25-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[50] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 7-percent increase in the number of total lunches served in 1972 over 1971 and a 28-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[51] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 5-percent increase in the number of total lunches served in 1972 over 1971 and a 16-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[52] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 15-percent increase in the number of total lunches served in 1972 over 1971 and a 39-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

[53] The estimated amount of sec. 32 funds to be made available in 1972 is based upon a 12-percent increase in the number of total lunches served in 1972 over 1971 and a 53-percent increase in the number of free and reduced price lunches served in 1972 over 1971.

The alternative to that is that at the time the Department was coming before the Congress and before the Senate, and especially before the Agriculture Committee, you had in mind that you were going to pass some regulations but that information would not be made available to us so we could determine whether we wanted to raise the additional money. As I say, I cannot determine right now which of those conclusions is correct or whether either one of them is, but that is a feeling that I am left with today.

Senator CURTIS. May I ask a question?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. Is Florida receiving $3 million less for this school year than they did last year?

Mr. LYNG. I do not have the figure, Senator Curtis, of the amount of special section 32 funds that they will receive. They are going to receive in section 4 and section 11 $1,350,000 more, and I would not expect that there would be anything like that kind of a decline in the section 32 funds that Florida would get. As a matter of fact, if we had not provided the revision, Florida would have received, based upon the anticipated increase in free and reduced-price lunches, under the old formula, Florida would have been one of those States receiving almost the lowest amount. We estimate 20.4 cents per free and reduced price meal. Under this revision, Florida would get the minimum of 30, so that would be a substantial increase over what they would have otherwise received.

We anticipate a substantial increase in free and reduced-price lunches in Florida because their participation in school lunch prior to now was lower than in some States.

The CHAIRMAN. Senator Allen?

Senator ALLEN. I have one more question.

Mr. Lyng, I get the impression that even if Congress had appropriated more money and had not directed that this money be allocated among the States in its entirety on a per-meal basis, your regulations would have been the same? In other words, the regulation that you have provided is the limit that you feel is the part which should go in paying on the overall cost of the meal?

Mr. LYNG. No, I do not think that I would want to leave that impression, Senator.

Senator ALLEN. That is the question as I see it.

Mr. LYNG. I am sorry, but I do not think I would want to speculate as to what our position would be had Congress not appropriated the money.

Senator ALLEN. In other words, if more money should be appropriated, you then would allocate it back to the States on a higher per meal reimbursement basis; is that correct?

Mr. LYNG. No, I do not want to leave that impression, either.

Senator ALLEN. Well, what impression do you wish to leave?

Mr. LYNG. The impression I wish to leave, Senator, is that I would not want to speculate as to what our reaction would be if there were more money. I would not like to have the record show that I said we would not spend it or that we would.

Senator ALLEN. I see.

The CHAIRMAN. Mr. Secretary, I think it clear from the testimony here today that there is a good deal of dissatisfaction among the members of the committee and the administrators of this school lunch

program with the regulations. You yourself testified last year that there was a guaranteed reimbursement for free and reduced price lunches of 37 cents as against a 35 cent regulation this time. That is a reduction of almost ten percent when we have had an inflationary factor of at least five, and a considerable expansion of the school lunch program is mandated by the law.

I think it would be well if you would convene your advisory committee that is provided for in the legislation. You have many outstanding people on it within the Department and among the administrators of the school lunch program. I would suggest that you look into it carefully in the light of this testimony and reevaluate your regulations after you do that in the light of this testimony, because I do not believe the Congress will stand idle to see hungry children going to school without adequate funding. I think if necessary, the Congress will have to step in and take corrective action. But I believe the committee would prefer to give you some reasonable time to take action on your own before the Congress acts.

Any further questions?

(No response.)

Thank you very much, Mr. Secretary. We appreciate your cooperation. You have been very helpful.

(Whereupon, at 4 o'clock, the subcommittee was adjourned.)

(Additional statements submitted for the record are as follows:)

STATEMENT OF HON. GEORGE MCGOVERN, A UNITED STATES SENATOR FROM THE STATE OF SOUTH DAKOTA

Mr. Chairman, members of the Committee: Thank you for this opportunity to testify on the FY–72 appropriation for nutrition programs. As chairman of the Senate Select Committee on Nutrition and Human Needs, I have seen firsthand in the last several years the extent of hunger and malnutrition in America. During these years, the nation has become aroused to the need to solve the problem of hunger and the President himself publicly committed the Administration to ending hunger for all time.

The issue we must now address ourselves to, putting it quite simply, is how much money is required to fulfill that commitment. I would like to discuss this issue especially in regard to funding for the school lunch program.

Let me say at the outset, that we all recognize significant progress has been made in expanding these programs in the last several years, and the current Administration deserves great credit for that expansion. The number of poor school children receiving free or reduced price lunches has doubled, from three to six million.

Yes, since the passage of Public Law 91–248 a great deal of progress has been made. When President Nixon signed that bill into law, he said, "it will assure that every child from a family whose income falls below the poverty line will get a free or reduced price lunch." It is presently not doing so. Yes, this program is feeding about six million needy schoolchildren today compared with three million two years ago. But to talk only of our progress in the battle against hunger now is like claiming victory just for staying in the game. The object is to see that *no* child goes hungry in America. That has not occurred. We have reached the 50-yard line, so let's not give up now. We must not be content to feed six million poor schoolchildren a lunch when there may be 10 to 12 million in need. As one witness before our Committee appropriately asked, "would we have been content to make it halfway to the moon?"

You have before you the Administration's budget request of $225 million for Section 4 funds, $356.6 million for Section 11 (free and reduced price meals) and $16.1 million for equipment assistance for the lunch program. My comments will focus on these three requests all of which are, in my mind, inadequate to do the job for which they are intended—ending hunger in our schoolrooms, through the expansion of the school lunch program.

All of these levels are exactly the same as they were in FY 1971. Thus, the request of $356.4 million for Section 11 funds will prohibit the expansion of this program to *all* needy children. In the last month for which data is available, we see

that we fed approximately 6.4 million children a free or reduced price lunch. But this figure is adjusted upwards by USDA to account for absenteeism. This is like saying that if all of those 6.4 million children had been in school that day, we would have fed them. In reality, about 5.9 million children participated on an average daily basis. Let us look, then, to the true number of potentially eligible needy children.

Recently, USDA reported that there were 7.9 million eligible children in schools with a program (7,861,330). This, of course, represents a 17% increase over the 6.6 million target figure announced by the Administration in December 1969, and upon which was based the financial estimate of 356.4 million dollars. Complaints by the Department that this figure of 7.9 million eligible children is inflated are simply foolish. These attempts to keep the target figure down at a level of 6.6 million are in vain for several reasons. The Department bases its figure on the national minimum eligibility standard of $3,720 for a family of four. But this figure is based on cost-of-living expenses for 1969, and does not reflect changes brought by the inflationary pressures of the last year.

More important, the figure of 7.9 million was calculated by the states themselves in reporting the numbers of eligible children. The figures for some states are described as "extremely high" by the Department. Yet, the fact is that the state estimates which total 7.9 million were based on October 1970 reports, at a time prior to the introduction of the national income eligibility standard, which was effective January 1, 1971. Thus, while a few states may have high estimates, probably an equal number have "extremely low" estimates—South Carolina, with 180,000 for example. It is very disturbing to me that USDA is apparently interpreting the national minimum eligibility standard as a ceiling on participation, rather than as a floor, as the law clearly intended. States are invited by the law to set what they perceive to be a reasonable eligibility standard, as long as it is *at least* $3,720 a year for a family of four. Some states have seen fit to raise this level. In fact, only 19 states have accepted the guideline figure of $3,720. Michigan, for example, has an average income 8% higher than the national average, so it has an income-eligibility guideline of $4,025 for a family of four, rather than the floor of $3,720.

This adjustment reflects a recognition by these states that poverty is relative, and should not be perceived by the Department as a standard designed to produce an "extremely high" number of eligible children. To consider the economic situation in a state is the only realistic way to set eligibility guidelines. The purpose of the national standard is to insure that no state go below a minimum figure of reasonableness.

When all is said and done the plain fact of the matter is that the $3,720 eligibility figure will have to be adjusted soon to reflect the cost-of-living increases which have made it obsolete.

I think it should be clear that the figure of 7.9 million eligible children is far closer to the truth than the USDA target figure of 6.6 million. The data is so inadequate that no one is certain just how many children are eligible and in need of a free or reduced price school lunch. Congressman Perkins, Chairman of the House Education and Labor Committee last year estimated that the figure was nearly nine million. Others estimate as high as 14 million. But if we take the 7.8 million figure as valid, we are still running far short of our budgetary needs with the Administration's request. For, crucial to our task of ending hunger will be the inclusion in the program of the children who are presently in schools without lunchroom facilities. There are currently 23,000 such schools in the United States, with a total enrollment of 7.4 million students. The Department of Agriculture, using dubious calculations, estimates that there are 900,000 children in those schools who would be eligible for free or reduced price lunches. The estimate is based on a calculation which assumes that the number of children in these schools who are "poor" will be exactly proportional to the number of children who are "poor" in the total enrollment of 52.1 million. The total "poor" figure is estimated at 6.5 million. Thus, $\frac{6.5}{52.1} = \frac{0.9}{7.4}$.

This procedure is dubious for two reasons. First, the estimate of total "poor" children itself is conservative because the poverty figure does not reflect changes in the cost-of-living, or include those whom we call "near-poor" and who may be in need of at least a reduced price lunch. (Thus, once again we can see that the poverty-figure is interpreted as a ceiling rather than a floor on participation.) Second, the assumption that the numbers are in fact proportional is without firm basis. For a great number of these schools are inner-city elementary schools, the

percentage of children who are "poor" is far greater than that percentage for the school populations as a whole.

Thus, the total eligible figure would be brought by USDA to 8.8 million. Based on such a faulty calculation, I contend that the true figure is a least 10 million and may run as high as 12 million. This, of course, would indicate that the USDA budget request will leave at least 3.4, and as many as 5.4 million children who are needy out of the program.

In addition, this crucial problem of equipment for these 23,000 schools must be met head-on. P.L. 91–248 authorized 38 million for facilities for FY 1971 and 33 million for FY 1972. We must spend at least this much if we are to reach the needy children in these schools, whether there are 900,000 or 2,000,000 of them. Yet, the Department insists on requesting only 16.1 million for this purpse for both years.

In summation, I strongly urge the Committee to consider the true need that exists. The School Lunch Program is currently in an expansionary stage. When you consider the absentee factor which the Department includes in its calculations, we are currently feeding just under six million children a lunch.

We need to raise that to at least 9.1 million (with the 9% absentee factor included). You must consider the continuation of inflation which is pushing both food and labor costs upward. In fact, even with the present budget, this cost overrun had caused states like New Mexico, California and New Jersey to fear that they would be forced to terminate operation a month before the close of the school year. Several schools in New Mexico have already stopped the lunch program. Can this be called adequate funding? I think not.

If we are to reach the true need we shall have to raise the Section 11 funds to $600 million. The facilities are crucial, of course, to bringing the children in non-participating states into the program, so the full authorization of 33 million should be provided. Finally, the Section 4 funds must be increased both to allow normal expansion of the program and to prevent Section 11 funds from being shifted to where they are least needed. I would recommend an increase in these funds to 535 million dollars.

Secretary Hardin has said, with reference to this program, "Our cause is great." Let our willingness to end hunger among our children reflect our shame upon discovering it.

Thank you.

UNITED STATES SENATE,
Washington, D.C., September 10, 1971.

Hon. HERMAN E. TALMADGE,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Enclosed is a copy of a letter I have received from Miss Ruth Powell, Coordinator of School Food Services in Arkansas, transmitting the comments of Mr. A. W. Ford, Director of the Arkansas Department of Education, to the Department of Agriculture on the proposed new school lunch regulations.

I note that you have scheduled a hearing on the school lunch regulations on September 16, and I would appreciate the Committee's serious consideration of the effect of the proposed changes on the school lunch program in Arkansas.

With best wishes, I am

Sincerely yours,

J. W. FULBRIGHT.

LITTLE ROCK, ARK., *September 1, 1971.*

Hon. J. W. FULBRIGHT,
U.S. Senate, Washington, D.C.

DEAR MR. FULBRIGHT: Even though we recognize the many demands on your time, we are still taking the liberty of sending you copies of our correspondence with the U.S. Department of Agriculture in regard to proposed FNS Regulation Amendments.

We want to alert you to some of the problems faced by School Food Service Programs in Arkanasa, even though the Congress has provided funds for operation.

Your past support of these programs is greatly appreciated.

Sincerely,

RUTH POWELL,
Coordinator, School Food Services,
Arkansas Department of Agriculture.

LITTLE ROCK, ARK., *August 27, 1971.*

MR. HERBERT D. ROREX,
Director, Child Nutrition Division,
Food and Nutrition Service, USDA,
Washington, D.C.

DEAR MR. ROREX. Miss Powell has forwarded to you our comments on the proposed FNS Regulation Amendments. We have discussed the problems that would be faced in this state if these regulations are finalized as now proposed.

When a state agency is allocating funds to a local school district, it is mandatory that the formula used for this determination be one that can be lived with. It must be one that can be easily understood by school administrators and documented by them. Section 210.11 paragraph (d) revised does not meet the above requirements.

The restriction of equipment funds for schools already participating in the School Lunch and Breakfast Programs penalizes states where a good job has been done in establishing food service programs in practically all schools. In a low-income state there is a great need to up-date equipment in order that lunch and breakfast may be provided for an increased number of children participating in the School Food Service Program as a result of the present free meal regulations. This need in Arkansas has also been intensified by integration.

Last March Chief State School Officers and School Lunch Directors from eight states requested that "USDA make available to the State Agency no later than May 1, 1971, and the same date in subsequent years all changes relating to records and reports, rates, regulations, instructions, and policy statements that will be applicable during the following fiscal year."

We protest the issuance of important new regulations without providing sufficient lead time to State Agencies and local school districts that will allow major changes of this nature to be put into effect in an orderly and efficient manner.

Yours very truly,

A. W. FORD,
Director, Arkansas Department of Education.

(The comments are as follows:)

COMMENTS AND SUGGESTIONS ON PROPOSED RULE MAKING

1. *Section 210.4 new paragraph (f).*—A sum of $4,552,200 from Section 32 funds is reserved for the States of Puerto Rico, the Virgin Islands, Guam and American Samoa. Such funds are available to these states for special cash assistance. We do not question the need of these states for the amount so reserved, but we do raise a question on why there is no similar reserve from Section 32 funds earmarked for the other states.

2. *Section 210.4 new paragraph (f).*—(a) We object to the establishment of a "base" system to control the distribution of funds to the states. Such a system would be cumbersome, time consuming, and difficult to administer. Given the unavoidable time lag in school lunch reporting, it would seriously delay the receipt of additional funds by the states in the latter part of the school year and even further complicate the financial problems encountered by local school districts last year due to late receipt of federal funds.

(*b*) We agree in principle with the use of Section 32 funds for use as general cash assistance as indicated in the proposals. However, we believe that all states should share in these funds on an equitable basis taking into consideration the need of the individual state as measured by per capita income. To do otherwise would be inconsistent with congressional intent as specified in the National School Lunch Act which provides a formula for the distribution of general-for-food assistance funds and would be further inconsistent with Section 210.4 of the present regulations. The proposed regulations as outlined will be detrimental to the states with low per capita income and the states that have been successful in providing lunches to a high percentage of children. Arkansas, as a low-income state, will be seriously handicapped should this regulation become effective.

We recommend that all states receive from Section 4 and/or Section 32 a sufficient apportionment to guarantee a minimum rate of 5¢ per Type A Lunch and where the state's assistance need rate is above 5¢ such states shall be guaranteed a rate per meal equal to the assistance need rate for that state as defined by USDA.

(*c*) We object to the use of a base and the 30 cent maximum to control the uses of Section 32 special assistance funds. We recommend that each state's apportionment from Section 11 and 32 funds guarantee a rate of 40¢ for each free and reduced

price meal served to eligible children. The average cost of producing a Type A Lunch in the state last year was 42¢. How can schools continue to feed the large number of free meals in this state at 35¢ when no doubt the cost will go above 42¢ regardless of the President's price "freeze"? *Example*: A call from a superintendent today. We are $2000 in debt from last year's operation. We planned to increase charges for lunches this year from 20¢ and 25¢ to 25¢ and 30¢—with the "freeze" on charges, this can't be done. How can we operate?

For years we have urged Arkansas schools to keep charges low in order to reach more children. Now schools are penalized for their efforts.

3. *Section 210.5, new paragraph (c)*.—See our comments in 2(a) above on the use of a base system to control distribution of funds to the states. We recommend that Section 32 funds be initially allocated to states so that the total amount of Section 32 and Section 11 funds be equal to the amount of such funds expended by the states during the fiscal year 1971. Additional amounts would be paid to the states upon justification to assure an average rate of 40 cents per each free and reduced price meal.

4. *Section 210.11, new paragraph (b–1)*.—This amendment is appropriate.

5. *Section 210.11, new paragraph (b–2)*.—It is suggested that the base month to be used for determining needed adjustments in reimbursement rates be set as in the October with need adjustments made on January 1. A review of funds status after receipt of January claims leaves little time to make adjustmeats in rates prior to the end of the school year.

6. *Section 210.11, paragraph (c) revised*.—We very strongly object to setting the maximum rate for special assistance at 30 cents, especially when it must be considered in conjunction with the "base" system so that the state wide average rate for special assistance cannot exceed 30 cents for the full year. The impact of this provision will seriously endanger continuance of free and reduced price lunches to children who qualify. Many school districts would receive substantially less special assistance money this year as compared to last year. See attached sheet. We recommend the maximum rate be set at 40 cents as recommended by the Ad Hoc Committee of State and Major City Directors in March 31–April 2, 1971.

7. *Section 210.11, paragraph (d) revised*.—Specify 40¢ in lieu of 30¢ on line 2. Delete the remainder of sentence after the word "that" on line 3 and add "the school is financially unable to meet its need for free and reduced price lunches." This sub-section sets up three criteria to be used in justifying rates of special assistance above 30 cents. The first criteria appears to mean that a higher rate is justified when production costs (labor, food, etc.) are "higher than is typical" in a given area. This is appropriate but does not accord special consideration to schools which have a large number or high percentage of free lunches and would suffer heavy losses in financing such lunches at the 30 cent maximum. We therefore recommend that the following words be inserted at the end of the first of these criteria: "or the percentage or absolute number of free or reduced price lunches is higher than is typical in the state." With respect to the second criteria we recommend the words "necessary operating" be inserted before the word "balance" and on the same line insert "as specified in Section 210.15" after the phrase "on hand."

With respect to the third criteria, after the word cost, delete "cannot be eliminated by other remedial action" and substitute "is not the result of poor management practices."

We would further recommend the sentence beginning with "Upon", line 9 be deleted and the following sentence be substituted—"Upon such a finding, the State Agency, or FNSRO where applicable, may assign a rate of reimbursement from special cash assistance and general cash assistance funds not to exceed 60¢ for each free and reduced price lunch served. Such rate should be reviewed and adjusted annually in accordance with cost of living changes." The rest of the paragraph be deleted down to "The State Agency—etc."

8. *Section 210.11, new paragraph (d-1)*.—This section must be clarified. Since it appears to mean the only funds proposed to be apportioned to State Agency at the beginning of the year will be the Section 11 funds; and consequently, rates would have to be assigned on basis of Section 11 funds only. We re-emphasize our recommendations for allocation of Section 32 funds to all states at the beginning of the year (see Section 210.5 (c) Page 2).

9. *Section 210.11 new paragraph (d-2)*.—We recommend here also that the month of October be used in place of January.

10. *Section 210.11 paragraph (g) amended*.—No Comments.

11. *Section 220.16, paragraph (b) revised*.—We see no basis in the law or in the fact for restricting the availability of equipment funds for schools already partici-

pating in the school lunch or breakfast program. To delay the approval of funds needed for equipment to serve additional needy children either lunch or breakfast until March 1 simply postposes this operation until the following fiscal year. We therefore recommend that this amendment be deleted.

We also note the following objections: (a) the term "grossly inadequate" is vague; (b) requiring Washington's approval for expenditure of funds is inappropriate and inconsistent with Congressional intent and State autonomy; (c) requiring the States to work with individual schools rather than with School Food Authorities.

12. *Effective date.*—Section 210.19 (b) states that "no change in the requirements for lunches which decreases the maximum rates of reimbursement shall become effective less than 60 days after publication thereof." Since the proposed amendments to 210.11 does effect reduce the maximum rate of reimbursement for free and reduced price lunches, we raise a serious question that such amendments can be made effective September 1, 1971. We further protest the issuance of important new regulations without providing sufficient lead time to State Agencies and local school districts that will allow major changes of this nature to be put into effect in an orderly and efficient manner.

ARKANSAS DEPARTMENT OF EDUCATION, SCHOOL FOOD SERVICE COMPARISON—SELECTED SCHOOL SYSTEMS
LUNCH REIMBURSEMENT AT 1970-71 RATES AND AT 5 CENTS AND 30 CENTS

System	Pupil lunches served		Federal reimbursement for lunches	Reimbursement same at new rates	Difference
	Paid	Free			
Lee County	203, 866	586, 176	270, 518. 45	215, 354. 90	−55, 163. 55
Little Rock	1, 682, 981	802, 360	472, 604. 27	364, 975. 05	−107, 629. 22

CITY OR STATE: ARKANSAS

1. How much did it cost to produce a Type A lunch during the *1970-71* school year? Do not include the value of USDA donated commodities	. 42
2. How many free or reduced price lunches did your State or School System serve during *1970-71* school year?	18, 873, 010
3. How many free or reduced price lunches do you expect to serve this year (*1971-72*)?	22, 703, 962
4. What would have been the loss per meal during last year (1970-71) if you had received only 35¢ federal reimbursement for free or reduced price lunches?	. 04–. 09
5. How much money will your State or School System lose in *1971-72* if you receive only 35¢ federal reimbursement for free or reduced price lunches?	$987, 622

PLEASE RETURN THIS FORM IMMEDIATELY TO:

Louise A. K. Frolich
American School Food Service Association
4101 E. Iliff
Denver, CO 80222

Please complete this form today. We need this information. Your support is urgently requested!

MINNEAPOLIS, MINN., *September 9, 1971.*

HON. DONALD M. FRASER,
Representative in Congress, Fifth District,
Longworth Office Building, Washington, D.C.

DEAR DON: There is a great deal of confusion surrounding the federal funding of school lunch programs for the present 1971-72 school year. The intent of this letter is to give you the facts and some rationale for continuing the present level of federal reimbursement for free and reduced price lunches. Any assistance you can give us in this matter will be greatly appreciated.

Last year the Minneapolis Public Schools added 16 schools to their lunch program, bringing the total number of schools to 60. It has been the intent to continue expanding the lunch program to include the remaining 25 elementary schools

with continued assistance from Federal Nutrition Service. In order for us to do this, it is necessary that the same level of reimbursement from federal sources be continued.

The following changes have been proposed in the federal regulations concerning reimbursement for free and reduced price lunches for the 1971–72 school year:

	Level of reimbursement	
	1970–71 level	New level
All lunches	$0.12	$0.05
Free and reduced	.48	.30
Total	.60	.35

This would be a reduction in reimbursement under the proposed regulations of 25¢ per lunch. The following is an example of the impact such a reduction would have on our lunch program (based on the 1970–71 school year):

		A reduction of
Free and reduced price lunches at 25 cents reduction (63 percent of the lunches served were free or reduced)	2,683,045	$670,761
Regular price lunches at 7 cents reduction	1,541,916	107,934
Total	4,224,961	778,695

Lunches in nine additional schools were being planned for the 1971–72 school year. This would have increased the participation to an estimated 4,500,000 lunches. The proposed regulations will of necessity slow any expansion of the lunch program and curtail providing lunches to many needy children now benefiting from the program. I believe this was not the intent of Congress in the passage of P.L. 91–248.

Enclosed is a brochure describing the elementary school lunch program of the Minneapolis Public Schools stating the philosophy and goals of the program. The realization that "you can't teach a hungry child" has brought about increased public concern that lunches become available to all school children at noon. Also enclosed is a copy of a letter dated November 10, 1970, from the Church Women United of Greater Minneapolis commending the Board of Education on their action to "provide a hot lunch program for more elementary school children in Minneapolis."

If you wish further information, please let me know.

Sincerely yours,

DONALD D. BEVIS,
Associate Superintendent of Schools for Business Affairs,
Minneapolis Public Schools.

(The enclosures are as follows:)

CHURCH WOMEN UNITED OF GREATER MINNEAPOLIS,
(A DEPARTMENT OF THE GREATER MINNEAPOLIS COUNCIL OF CHURCHES),
Minneapolis, Minn., November 10, 1970

DR. JOHN B. DAVIS, Jr.,
Superintendent of Schools, School Administration Building,
Minneapolis, Minn.

DEAR DR. DAVIS: On behalf of Church Women United of Greater Minneapolis, I wish to commend you and the Board of Education on your recent action to provide a hot lunch for more elementary school children in Minneapolis.

We have been studying, through a series of forums and seminars, the problems of hunger, health and nutrition in our metropolitan area, and we are convinced there are many children in our city who are under fed and under nourished.

We feel that this forward step taken by you and the Board of Education will help to alleviate some of the problems of hunger for our school children.

We are aware that this program will cost money and present problems in administering, but we wish to assure you that we support you in your fine efforts and heartily approve your action on the hot lunch program.

Sincerely,

Mrs. LEROY E. HOOD,
President.

[Telegram]

ST. PAUL MINN., *September 21, 1971.*

Representative DON FRASER,
Washington, D.C.

The one thousand elementary school principals of Minnesota request that you reject the new Agriculture Department guidelines that would drastically decrease Federal support for the hot lunch program for elementary school children.

Note under the new guidelines that in Minneapolis over three quarters of a million dollars of local funds will be needed to continue the former program. The fact is, the price freeze, unemployment, and limited income already limit the ability of parents to pay the former charge. The new increase doubles the cost for a class A hot lunch. This will deprive many poor and needy children in receiving a hot lunch each day.

Your influence and support is necessary M.E.S.M.P.A. requests it.

ROBERT ARNOLD,
Executive Secretary M.E.S.P.A.

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